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# **USSR Report**

**INTERNATIONAL ECONOMIC RELATIONS**

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31 October 1984

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## USSR-CEMA TRADE

### PLANNING IMPLICATIONS OF CEMA SUMMIT DISCUSSED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 8, Aug 84 pp 74-85

[Article by Doctor of Economic Sciences O. Rybakov under the heading "Socialist Economic Integration": "Long-Range Strategy for Deepening the Socialist Economic Integration of CEMA Member-Nations (On the Results of the CEMA Member-Nation Economic Conference At the Highest Level)"]

[Excerpts] The high-level CEMA member-nation economic conference held in Moscow on 12-14 June 1984 marks a new stage in the development of relations among the fraternal parties and peoples. The conference took a major step forward in coordinating the economic policy of the socialist states. This was the appraisal of its results by the CPSU Central Committee Politburo<sup>1</sup>, which approved the activity of the Soviet delegation, headed by K. U. Chernenko, CPSU Central Committee General Secretary and Chairman of the USSR Supreme Soviet Presidium.

During these same years [1966-1980], tasks of developing and creating new production facilities in machinebuilding, chemistry and metallurgy were resolved within the cooperative framework. Suffice it to say that, as of early 1983, upwards of 1,200 enterprises and projects had been built and installed in the European CEMA countries under agreement with USSR assistance. These included electric power plant (installed) capacity -- 63 million kW, coal mining capacity -- 57 million tons, steel production capacity -- 38.5 million tons, oil refining capacity -- 55 million tons, tractor production capacity -- 30,000 per year.

Cooperation with the socialist countries has also done much to help develop the Soviet economy. Many branches of domestic machinebuilding have been provided with machinery and equipment through deliveries from CEMA member-nations. For example, in 1976-1980, the USSR received a total of more than 30 billion rubles worth of machinebuilding output from the fraternal countries (in prices of that period). That same five-year period, the USSR met a significant portion of its requirements for new ships, loaders, passenger rail cars and rolling-mill equipment through deliveries from the countries cited.

These processes found their most general expression in reciprocal trade turnover growth in CEMA member-nations. In 1983, their foreign trade turnover exceeded 283 billion rubles. In this regard, reciprocal trade reached nearly 59 percent

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<sup>1</sup>See PRAVDA, 19 Jun 84.

of the total trade turnover of these countries last year. Countries of the community are currently meeting 68 percent of their machinery and equipment import requirements through reciprocal trade, upwards of 70 percent of their petroleum and petroleum products requirements, 95 percent of their anthracite coal requirements and 70 percent of their iron ore and consumer goods requirements. Moreover, the trade turnover structure is being improved; production specialization and consolidation processes are being intensified. Thus, CEMA member-nation machinebuilding output grew 2.4-fold in the 1970's, but reciprocal exports of machinery and equipment grew more than 3-fold. The proportion of specialized product exports increased from 17.7 to 35 percent. Hundreds of multilateral and bilateral specialization and cooperation agreements have been signed and are in force.

The orientation towards intensification is effected in the form of the priority development of cooperation among socialist countries, primarily production specialization and consolidation, in the scientific-technically leading fields of material production -- in modern branches of machinebuilding, in the production of microprocessor equipment and computers, in robot manufacturing, and so on. It is precisely in these areas that today's primary tasks of sharply raising the social productivity of labor are being resolved. New equipment and technology permit the successful resolution as well of problems of reducing the energy and materials intensiveness of products, of ensuring as a result the efficient use of material resources and the more complete and effective resolution of the fuel-energy and raw material problem as a whole. The tasks of significantly improving output quality and raising its technical level are also being resolved along this line of interaction among the fraternal countries.

The conference and the (extraordinary) 38th CEMA Session outlined a whole complex of joint steps by the cooperating countries to extensively introduce electronics into the national economy and to comprehensively automate it on a base of industrial robots and the widespread use of microprocessor equipment. They outlined the development and introduction of flexible manufacturing systems [FMS] and, on that basis, of progressive new technological processes, automated and adjustable, which will permit incorporating the principle of "unmanned technology," the development and production of new generations of materials and of progressive technologies for processing them. The development of appropriate highly productive, multifunction equipment and computers was outlined. Biotechnology, to provide animal husbandry with high-yield feeds and develop highly productive agricultural technology, is a fundamentally new direction.

In stressing the necessity of priority development of these types of production, CEMA member-nations agreed on the promising directions of cooperation in this sphere, bearing in mind the highest national economic importance of microelectronic equipment in resolving the task of increasing the productivity of social labor.

Microprocessor devices are called the catalysts of scientific-technical progress. They are particularly successful in so-called built-in automatic control systems, in machine tools with numerical programmed control and manipulators (robots) in use in various branches of production. Calculations by Soviet and foreign specialists show that, in some operations, one robot replaces 1-3 workers, improves labor productivity 20-40 percent, pays for itself in 1-3 years and yields an annual savings of 4,000 - 9,000 rubles. The use of robot groups increases labor

productivity two- to three-fold. But it is not just a matter of numbers. Robotization opens up fundamentally new production opportunities -- improved intensiveness, increased smoothness, improved product quality, fewer defects.

Implementation of the programs adopted and agreements signed in the field of microelectronics and robot manufacturing strengthens the basis for retooling the national economy of the fraternal countries, for automating production processes in industry and agriculture and many jobs in the management sphere, and it permits a reduction in manual labor and a savings of energy, raw and other materials. It is anticipated that the aggregate fleet of robots in CEMA countries will have reached 200,000 by 1990.

In order to make the activity to comprehensively accelerate scientific-technical progress more purposeful, CEMA member-nations adopted a resolution during the Economic Conference on developing a Comprehensive Scientific-Technical Progress Program for the next 15-20 years, with a view towards utilizing its results as quickly as possible through their joint efforts.

The directions of such specialization and cooperation are dictated by the times. The most promising ones are those connected with scientific-technical progress, those which help intensify the economy. The CEMA community is widely developing specialization and cooperation in the field of nuclear power, computer production and the production of modern equipment complexes. The complete retooling of, for example, passenger car production enterprises is associated first of all with expanding interaction along CEMA lines. Thus, the motor vehicle plant imeni Lenin Komsomol is preparing to release a new passenger car model at the world level. The enterprise is receiving modern processing centers from the GDR, automated press lines and storage facilities from the CSSR and instrumentation from Poland. Dozens of machine tools with numerical programmed control are operating at this facility and the first robots have moved onto the technological lines.

In the early 1980's, the conditions for solving fuel-energy and raw material problems shifted at last to the sphere of rationalizing consumption and saving fuel and raw material in every way possible. Life itself had objectively set up a barrier to rapid growth in their extraction and production, that is, to an extensive type of development. The fraternal countries adopted and have been successfully implementing a program for using their fuel-energy economy efficiently, retooling to energy- and materials-conserving equipment, restructuring the national economy in the direction of lowering its overall materials intensiveness. These same tasks are naturally also being put forward and resolved today in mutual economic cooperation. Programs of interaction in the field of mastering modern microprocessor equipment production, robot manufacturing, the priority development of nuclear power and precision machinebuilding -- all this is in the end directed towards the economical expenditure of fuel, energy and raw material. There are still many unused reserves on this path. Thus, this decade, total AES capacity in the fraternal countries must reach 100,000 MW. Implementation of this program will permit approximately a 200,000,000 ton reduction in annual organic fuel expenditures.

In determining economic development prospects at the conference, CEMA member-nations decided on a complex of steps aimed foremost at the economical, efficient use of energy and raw material, at lowering production energy and materials intensiveness.



Scientific-technical progress is the most reliable path to the economical expenditure of material resources. In turn, saving them is one of the decisive factors in changing over to an intensive path of development. Production of more economical machinery and equipment, changing over to modern technological processes and using new types of raw material and energy provide an opportunity to solve future fuel-energy and raw material problems in a cardinal way. In fact, the impact of saving material resources is enormous, given the current scale of their consumption. For example, each million kilowatts of AES capacity permits an annual savings of more than two million tons of conventional fuel. Another example: in the Soviet Union, we propose to switch about a million automobiles from gasoline to gas in the years ahead, permitting a savings of 8-10 million tons of gasoline per year. Each percentage-point savings in energy resources in the USSR is equivalent to approximately 19 million tons of conventional fuel. Reducing material expenditures by only one percent permits obtaining an additional six billion rubles in national income.

At the same time, new reserves for cooperation in the area of solving the fuel and raw materials problem more fully are also opening up, foremost within the framework of the international socialist division of labor. The essence of the solution adopted by the countries at the conference is, in order to create economic conditions ensuring the extension of deliveries of a number of types of raw material and energy sources from the Soviet Union, the CEMA member-nations will export to the USSR, within their abilities, the output it needs, and in particular, food and manufactured consumer goods and certain types of structural materials, machinery and equipment of high quality and at a world technical level. To this end, the European socialist countries will themselves develop the needed types of production and make the corresponding capital investments. The prospects for such work will flow from the economic policy directions agreed upon by these countries.

For the Soviet Union, which is the main exporter of fuel and raw material in the community, the long-range orientation of its partners towards producing and delivering this output to the Soviet market, where the demand for it has arisen not only due to temporary difficulties and disproportions, but foremost due to its own production outlays, which are comparatively high for a number of reasons (natural, historical, and so on), will help recompense fuel and raw material production expenditures. This is precisely where the international division of labor among the USSR and the other socialist countries is effective, which determines its stability and promise.

The conference outlined a policy of strengthening the social orientation of socialist economic integration. To this end, the CEMA member-nations at the conference put forward as a top-priority task the comprehensive development of branches of the agro-industrial complex and cooperation in this sphere. The cooperation will encompass a number of long-range directions towards solving the food problem and that of improving the provision of the populace with manufactured consumer goods.

First, as the opportunities develop, reciprocal deliveries of foodstuffs and high-quality consumer goods will be increased. In this regard, the countries decided to take appropriate steps to stimulate exports of agricultural output. It must be said that even now, reciprocal deliveries of agricultural output and

consumer goods are playing a substantial role. Thus, at least 15 percent of the retail stocks of such goods as furniture, footwear, finished clothing, canned fruit and vegetables in the Soviet Union is covered through deliveries from CEMA member-nations.

Second, CEMA member-nations are strengthening their cooperation in increasing food production. They anticipate first of all introducing progressive technology into plant cultivation and livestock raising and improving the material-technical base of agriculture, including participation by the countries concerned, using their own funds, in developing agricultural production in other countries. The opportunities for this are considerable. With 16 percent of the sown area in the world, the fraternal socialist countries obtain 20 percent of the agricultural produce, including 30 percent of the wheat, 70 percent of the rye, 33 percent of the barley and 44 percent of the oats, potatoes and sugar beets. Moreover, the socialist countries will be uniting their efforts to strengthen and modernize the material base of the food industry, using their experience to produce advanced equipment and use the latest technological processes in this area.

Third, they outlined the specific directions of cooperation in retooling and modernizing the branches of light industry, strengthening its raw material base to significantly expand the production and reciprocal deliveries of high-quality consumer goods. Cooperation in producing goods of this group, foremost durables, will be broadened in every way possible. Particular attention will be paid to improving product quality and assortment.

Foreign economic ties currently play what is often a "secondary" role in national economic planning, especially with regard to the development of particular branches of USSR production. This signifies that a draft national economic plan is initially developed, all the needed resources are established, and then the opportunities for or necessity of developing foreign economic cooperation in this area are determined. This is no longer adequate. We need to take the opportunities of the international socialist division of labor into account from the very start of draft plan compilation and to have them influence very decisively the amount of resources allocated to carry out the plan.

It is no secret that such "stimuli" as a striving to obtain more capital investments and material resources in the production plan often operate at the branch ministry planning level. Emerging into foreign economic cooperation does much to save both capital investments and material resources and, consequently, to carry out the production plan with fewer resources. This is not easily implemented in practice. Further, the effort to retain the achieved level of branch capital investment allocations can reduce to naught the entire impact derived from foreign economic cooperation.

As is known, production specialization and consolidation provide a considerable savings in resources. The development of cooperation with socialist countries in this area causes a certain connectedness, a "dependence" of production on foreign partners. Here, as nowhere else, accuracy and strictness in meeting mutual obligations are very important. Attempts to "overinsure" production consolidated at the international level by having potential of one's own to ensure production plan fulfillment solely through one's own efforts leads, essentially, to duplication of resources and erosion of the impact of specialization and consolidation.



Finally, using the advantages of the international socialist division of labor alters the demands on various kinds of substantiations and calculations in the area of the economic effectiveness of cooperation. Such calculations and substantiations are most often made to determine the impact potential of a chosen or operative cooperation variant. It is necessary that the determination of economic effectiveness be transformed into a tool for choosing one of many possible variants on the basis of a system of alternative calculations.

All these conditions associated with further deepening the participation of the USSR national economy in the international socialist division of labor must obviously be reflected in the steps now being taken to perfect planning and management of the foreign economic activity sphere, including stimulating export production, creating conditions favorable to the development of direct ties between our enterprises, associations and organizations and the organizations of other CEMA member-nations, and others. Finally, it is exceptionally important that all the lines of future cooperation accepted at the conference be reflected as fully as possible in the draft plan of USSR social and economic development for the next five-year period which is now being developed.

In this regard, the question arises of how substantiated and feasible can these factors of the international socialist division of labor be for such a large and multibranch economy as that of the Soviet Union? For example, how (from both theoretical and practical positions) does one approach evaluating the effectiveness of exchanging fuel and raw material basically for processing industry output? The view is widely held that such exchange is disadvantageous for the country producing and exporting the fuel and raw material resources, since output with a greater degree of processing always has greater international value. On the other hand, both for physical-natural reasons (availability of minerals) and in view of the internationalist essence of Soviet policy regarding the countries of the socialist community, fuel and raw material exports will objectively occupy a significant place in overall Soviet exports. In this regard, the task of improving the effectiveness of such exports for the USSR inescapably moves to the fore.

In speaking of the prospects for deepening the interbranch division of labor within the socialist economic integration framework, we need a clear understanding of how important this particular factor might be to solving the tasks of developing the Soviet national economy. Certain Soviet specialists have come to the view (not without foundation, it must be said) that, inasmuch as the USSR national economy is capable, when necessary, of producing nearly all types of output and of being "independent" of any imports, it is economically most justified to import machinery and equipment which is, for one reason or another, currently not being produced here. The task is therefore, in the final analysis, to set up, using imported equipment, the production of needed output here and to import other goods only to the extent that their production has not been organized or is simply impossible here (certain types of raw material, tropical produce, and so on).

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## USSR-CMEA TRADE

### INDUSTRIAL CONSUMER GOODS IN CMEA COUNTRIES' TRADE

Moscow FOREIGN TRADE in English No 9, 1984 pp 7-11

[Article by Yevgeni Yegoshin and Gyorgy Boda: "Industrial Consumer Goods in the CMEA Countries' Trade"]

[Text]

Cooperation between the CMEA member-countries in the mutual exchange of industrial consumer goods helps solve the important tasks of these countries' socio-economic policy—that of constantly improving the people's well-being which is a characteristic feature of socialism. The socialist countries' Marxist-Leninist communist and workers' parties are consistent in pursuing a policy aimed at raising the living standards of their peoples.

In accord with the decisions of party congresses and the plans of the economic and social development of the CMEA countries, extensive measures are being carried out to increase the output of consumer goods and hence improve supplies of them to the population.

The living conditions of the peoples of the CMEA members are improving every year: there is a continuous increase in real incomes, the purchasing capacity of the population is ever growing, housing construction and public utilities are progressing on wide scales, good progress is being made in promoting education, the health services and culture, broader opportunities are being provided for satisfying the growing demand for quality consumer goods.

The continuous economic growth serves as a material base for bettering the conditions of life in the socialist community countries. Over the past twenty years the national income of these countries has increased 3.3-fold, wages have increased substantially:

in Bulgaria—2.7 times, Hungary—2.9 times, the Soviet Union—2.2 times and in Czechoslovakia they doubled.

The output of consumer manufactures in the socialist countries grows year by year. In 1982, for instance, the volume of production in the textile and knitted-goods industries doubled as compared with 1960, in the sewing industry it increased 3.5-fold, in the shoe industry—2.9-fold, in the manufacture of domestic refrigerators—nearly tenfold, TV sets—quadrupled, washing machines—3.1-fold.

The growing output of industrial consumer goods serves as material basis of continuously improved provision of population with these goods. At the same time the deepening of economic cooperation plays an ever increasing role in continuously improving the well-being of the population along with industrial consumer goods home production increase.

Every year CMEA member-countries increase their mutual shipments of these goods and raw materials, machines and equipment required for their production, expand specialization and cooperation in production, as well as scientific and technical collaboration in the light and other industries turning out consumer goods.

The import of manufactures from the socialist countries has an ever greater role to play in increasing retail trade stocks in these countries and in widening the range and assortment of goods for the general public.

Here is some data on the import of industrial consumer goods by the CMEA members over the past 22 years.

(mln rubles)					
Countries	1960	1970	1980	1981	1982
Total*	1,232	3,019	8,950	10,633	11,262
Bulgaria	43	94	283	364	395
Hungary	44	172	814	991	1,077
GDR	105	197	669	697	820
Mongolia	22	40	77	92	93
Poland	73	208	832	838	1,002
Romania	30	96	266	290	275
USSR	858	1,932	5,407	6,785	7,155
Czechoslovakia	56	283	604	576	644

\* Except Vietnam and Cuba.

The socialist countries' imports of consumer goods are growing rapidly. In 1982 the volume of these countries' imports as a whole showed a 9.1-fold increase compared with 1960. Particularly significant was the increase in the import of consumer manufactures by Hungary—24.6 times, Poland—13.7 times, Czechoslovakia—11.5 times, Romania—9.2 times, Bulgaria—9.1 times.

The CMEA member-states are successfully expanding their consumer goods imports in the current five-year plan period (1981-1985) too. Over the past three years these imports went up more than 34.0 per cent, including the 6.3 per cent in 1983.

The socialist countries import industrial consumer goods, such as cotton, silk, woollen and other fabrics, clothing and underwear, knitted articles, leather and other footwear, haberdashery, electrical domestic appliances and other industrial products.

The countries of the socialist community in large measure meet their import-oriented needs for consumer goods through mutual shipments. This became possible thanks to the considerable growth of production in the light industry and the ever deeper division of labour between the CMEA members in this industry.

In 1982 of the 11,300 million rubles' worth of the CMEA countries' total imports of consumer manufactures their mutual shipments accounted for 6,800 million rubles or 60 per cent of them. For particular groups of goods this level is much higher. For the goods in the cultural, welfare purposes and furniture group, for instance, this level was over 85 per cent, for footwear and haberdashery—70 per cent, for garments and knitwear—approximately 50 per cent.

The Soviet Union is a major importer of consumer manufactures from the fraternal countries. Over the first two years (1981 and 1982) of the current five-year plan period the USSR imported from other CMEA countries 8,280 million rubles' worth of consumer goods, including various fabrics to the amount of 356 million square metres, garments and underwear to the value of 2,266 million rubles, knitted goods—581 million rubles, haberdashery—454 million rubles, furniture—875 million rubles, footwear—90 million pairs. The proportion of imported goods in the USSR's retail trade in 1982 for individual types of fabric was 12 per cent, for garments

and furniture—13 per cent, for footwear—20 per cent. In the same year Soviet imports of industrial consumer goods from the other socialist countries increased 3.1-fold over the 1970 level and 9.8-fold as against 1960.

The other CMEA members have also appreciably expanded their mutual exchange of goods of this group. Since 1960 Bulgaria, for example, has increased these imports 7.6-fold, Hungary—14-fold, the GDR—5.6-fold, Poland—10.4-fold, Mongolia—6.2-fold, Romania—7.2-fold, Czechoslovakia—8.9-fold.

In fulfilling supplies of the socialist countries' mutual trade in consumer goods an appreciable role belongs to trade ministries which distribute products of their country's industry on the home market. In performing their functions they mutually exchange consumer goods by drawing on material stocks which are at their disposal.

The main purpose of this exchange is to broaden the assortment of goods on domestic markets.

Cooperation between the fraternal countries in this area is constantly growing. In 1982 their mutual exchange of consumer goods totalled over 1,100 million rubles. The determinative role in this exchange is played by such articles as footwear, garments and underwear, knitted goods, fabrics, electrical appliances and so on. Over the past few years good progress has been achieved in developing such form of mutual trade as the exchange of goods between the CMEA countries' large retail shops. During the 1980-1982 period the volume of trade between such shops rose more than 44 per cent. There is also an increase in the frontier trade of the fraternal countries, which is markedly widening the assortment of goods in shops and making more effective use of the relevant industrial capacities in these areas. In 1982 the exchange of goods along this line went up by more than 60 per cent as compared with 1980.

The CMEA members meet their requirements for import consumer manufactures chiefly by mutual supplies. They expand the export of these goods year by year. In 1982 it showed a 9.7-fold increase as compared with 1970.

At the present time mutual deliveries between the socialist community countries as a whole account for some 65 per cent of these exports.



Hungary, the GDR, Poland and Czechoslovakia are among the major exporters of industrial consumer goods and they together account for over 70 per cent of the community's total exports of these goods.

The export list of consumer manufactures is quite long. It includes various fabrics, garments, knitted goods, footwear, haberdashery, furniture and domestic appliances.

Among the CMEA countries significant exporters of fabrics in 1982 were Czechoslovakia—163 million square metres, Hungary—120 million square metres, the USSR—95 million square metres; garments (in rubles): Poland—504 million, Hungary—445 million, the GDR—426 million; knitwear (rubles): Romania—139 million, Poland—117 million, the GDR—109 million, Hungary—89 million.

It is worth noting that there was some decline in the export of fabrics (but there was a simultaneous increase in their output). This is due to the fact that the bulk of fabrics is used to expand the output of garments whose exports had trebled between 1970 and 1982.

**The Scale and Dynamics of the CMEA Countries' Export of Staple Consumer Goods**

Commodity	Unit of measurement	1960	1970	1980	1981	1982
Fabrics	min. sq. m	657	903	852	782	735
Garments <sup>1</sup>	min rubles	—	641	1,718	1,865	1,964
Knitwear	"	48	168	525	599	602
Leather footwear	min pairs	27	68	96	90	83
Furniture	min rubles	76	273	840	894	982
Refrigerators	'000 pieces	18	301	1,327	1,207	1,312
Sewing machines	"	352	433	485	396	474
Radio sets	"	350	1,556	2,362	1,843	1,894
TV sets <sup>2</sup>	"	185	368	1,099	1,097	1,214
Watches <sup>1,2</sup>	min pieces	4.4	14.5	28.9	30.8	31.0
Cameras	'000 pieces	385	1,028	1,745	1,748	1,614

<sup>1</sup> Without data on Romania.

<sup>2</sup> Without data on Czechoslovakia.

The improving well-being of the population and

the broad scale of housing construction have enormously increased the demand for cultural and home comfort goods. New flat and house occupants, and there are millions of them in the fraternal countries, are purchasing modern furniture, domestic machines and appliances, as well as other articles that provide them with every convenience and make life comfortable. Trade in this group of commodities is rapidly increasing every year. In the socialist community the USSR is the major exporter of these goods. In 1982 it delivered to the other countries of the community 1,172,000 radios, 556,000 TVs, 400,000 domestic refrigerators, 229,000 washing machines, 891,000 photo cameras, 11,700,000 watches.

Different models of this commodity group are being supplied by Hungary, the GDR, Poland, Romania and Czechoslovakia.

The CMEA countries' mutual trade, including that in consumer manufactures, is carried out in a balanced manner on the basis of long-term trade agreements and annual protocols on goods exchange, whose quotas also include mutual shipment obligations arising out of the agreements on the implementation of long-term specific programmes of co-operation, the Coordinated Plan of Multilateral Integration Measures, the agreements on specialization and cooperation in production, and other economic arrangements.

This basis of mutual trade permits to place orders with exporters in good time and timely load their relevant capacities besides ensuring balanced supplies of goods for the importers' markets.

The Hungarian *Népszabadság* of January 5, 1983, wrote that the volumes of export shipments agreed on a long-term basis were an important component of the light industry's production programme. Orders from the socialist countries, the USSR above all, have always been and are an important factor in ensuring full utilization of the available capacities of Hungary's light industry.

When assessing the development of the exchange of industrial consumer goods between the countries of the socialist community it must be pointed out that in spite of its rapid growth its proportion in the fraternal countries' mutual trade is far from equalling their potentialities or their requirements. This group of

commodities accounts for about 10 per cent of the CMEA members' mutual trade turnover.

Attention should also be paid to the quality of consumer goods and absolute compliance with the terms of contracts, especially those concerning the quality of goods and the time-limits for their delivery. It is likewise important to bear in mind that with the growth of the population's incomes the structure of consumption changes markedly. The demand for quality and fashionable articles is augmenting at a particularly fast pace. Fashion is an important factor which should always be taken into account when manufacturing and trading in consumer goods.

Special emphasis is being placed on more fully satisfying the demand for quality goods and new types of them, on better supplying the light industry with appropriate raw materials and up-to-date equipment, on a greater specialization and cooperation in manufacturing consumer goods.

Highly remarkable is the fact that all long-term specific programmes of cooperation, including the one on industrial consumer goods, are organically tied in with the national economic development plans of the socialist countries.

This programme ensures increased volumes of production, expansion and renovation of the assortment of goods and their higher quality and wider mutual trade in various industrial consumer goods. It outlines measures to develop production specialization and cooperation, to improve existing and develop new technological processes, to expand the raw material base, to rationalize the use of existing and develop new production capacities, to develop new highly productive machines and equipment for various branches of the light industry.

The measures to expand production and scientific and technical cooperation and increase mutual shipments of goods turned out by the light industry cover, in particular, such types of output as fabrics, non-woven fabric-like materials, synthetic fur, furniture. In accordance with the General Agreement on the expansion of capacity to manufacture upholstery and the bilateral agreements and contracts signed on its basis there is a considerable increase in shipments of these goods from Bulgaria and Czechoslovakia.

The socialist countries are carrying out measures to develop a new assortment of quality cotton and woollen cloth with the use of chemical fibre, to widen the assortment of silk type cloth made from synthetic threads, to create new types of knitted cloth and articles out of it, to improve textile waste utilization, to develop new highly productive technologies. In the sewing industry, for example, cooperation is going ahead in developing computerized automated systems for cutting-out textile materials, high-efficiency production lines for manufacturing garments and knitted articles, and improved methods for gluing garment parts.

In line with the agreement on scientific and technical cooperation in developing quality artificial furs an analysis has been made of their previous assortment; new structures of fur have been developed and experimental batches of it produced for outer garments, hats, footwear and toys; ways have been found of making full use of fur waste, which previously was discarded. Some member-countries have already begun to organize production of promising assortments of furs.

Cooperation in tanning is intended to devise highly effective processes for making soft leather for footwear, to produce synthetic tanning substances, to design and turn out footwear with glued soles using new types of glue, and to introduce new synthetic materials from which to make uppers for footwear.

Important measures are also being taken to expand the raw material base of the light industry, in particular, chemical materials. International economic organizations like Interchimvolokno and Interchim are active in this work. According to agreements on specialization and cooperation in production there is a marked increase in the mutual shipments of synthetic dyestuffs, chemical fibre, spinnerets, surface active agents for the textile industry, dosing gear-type pumps, and so on.

Soviet shipments play an important role in providing the CMEA members with raw materials for the light industry, in particular, for the manufacture of fabrics, clothes, knitted goods, footwear and furniture. Over the past three years of the current five-year plan period (1981-1983) the USSR has shipped to the fraternal countries 1.5 million tons of cotton, 72,000

tons of staple fibre, over 1.2 million raw hides. According to the Hungarian press, Soviet shipments account for approximately two-thirds of the country's needs for cotton and for about 50 per cent of its requirements for flax fibre.

The CMEA countries are successfully carrying out measures to further the production of furniture. As a result, there is an appreciable increase in mutual shipments of furniture, including special sets for theatres, schools, etc., as well as furniture accessories. For introducing up-to-date furniture-making methods, measures being taken to set up new and increase existing capacities for the production of such chemical materials as prime coatings, varnishes, paints, glues, rigid and flexible polyurethanes, etc. are important.

The socialist countries are exerting extensive efforts to meet their requirements in equipment and machinery for the light industry. They provide for the elaboration of programmes for scientific and technical cooperation, agreements on specialization and cooperation in manufacturing equipment and automated lines, and programmes for type-styling and standardizing equipment.

The relevant agreements and protocols now in force envisage mutual shipments in the current five-year plan period of considerable quantities of new designs of machines and equipment for the textile, knitted-goods, tanning-and-shoe, haberdashery and woodworking industries. Specialists in the area of light industry already defined the technical parameters for these machines and equipment with due regard for the present state and prospects of world technical progress and for the data on the needs for the basic types of production equipment up to 1990.

The CMEA countries, besides their multilateral cooperation in the manufacture and exchange of industrial consumer goods, also cooperate bilaterally.

The following figures illustrate the growth of mutual shipments of equipment and machinery for the light industry.



	(min rubles)			
	1975	1980	1981	1982
Equipment for:				
textile industry	305	658	692	781
sewing industry	86	100	103	119
tanning and shoe and fur industries	29	48	52	60

The rising living standard of the population in the fraternal countries has caused rapid growth of the demand for domestic radio-electronic articles. The relevant long-term specific programme of cooperation provides for broader cooperation in colour television and video and sound recording.

In accordance with the Programme for multilateral cooperation in developing and manufacturing new types of colour TV sets, and individual types of equipment for colour television, adopted by the 36th CMEA session in 1982, work is in progress on the joint development of new types of colour TVs, cable television apparatus, apparatus for the reception of television and radio programmes from Earth satellites, home video tape recorders and video players, studio and non-studio colour television equipment, television relay transmitters, appropriate special process equipment and measuring devices.

Having completed the development of the third generation of basic colour TV models interested CMEA members have begun to devise new processes and equipment for manufacturing colour TVs of the fourth generation.

Thanks to successful implementation of the long-term specific programmes of cooperation, an important step has been made in ensuring stable supplies of quality consumer manufactures to the CMEA countries. At the same time further efforts are needed to update the production and technical base of this industry, to promote specialization and cooperation, to speed up the finding of progressive scientific and technical solutions for manufacturing consumer goods, particularly as regards the chemicalization of the raw material base of the industry, the introduction of resource-saving technologies, development and employment of progressive production equipment.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### SCIENTIFIC, TECHNICAL COOPERATION WITH CAPITALIST COUNTRIES

Moscow FOREIGN TRADE in English No 9, 1984 pp 12-17

[Article by Nikolai Borisov, Cand. Sc. (Tech.) director, Department of Scientific and Technical Cooperation with Foreign Countries, USSR State Committee for Science and Technology: "The USSR's Scientific and Technical Cooperation With Capitalist Countries"]

[Text]

#### I

The Soviet Union has always been and is in favour of the most active and broadest economic, scientific and technical ties and cooperation with other countries based on mutual advantage and interest, on principles of non-interference in one another's domestic affairs.

It maintains economic, commercial, scientific and technical contacts with all developed capitalist states on the basis of 66 intergovernmental agreements, 20 long-term cooperation programmes and over 300 contracts with separate firms and organizations. In accordance with these arrangements joint work is in progress and individual measures are being carried out on 1,350 problems and themes. The USSR participates in the work of more than 350 international economic, scientific and technical organizations. Numerous bilateral working bodies are in existence: today there are over 50 intergovernmental commissions on economic, scientific and technical cooperation and about 200 sectoral working and expert groups.

The USSR State Committee for Science and Technology is active in promoting the USSR's cooperation in science and technology with other countries, the Western powers included. The Committee's function consists in planning and coordinating the country's international scientific and technical ties and ensuring measures for their effective expansion and improvement. What is more, their centralized planning and coordination go hand in hand with the indepen-

dence of Soviet ministries and departments, research institutions and the USSR Academy of Sciences above all.

The Committee concludes agreements with firms and organizations abroad and participates in the work of joint intergovernmental commissions on scientific, technical and economic cooperation, and joint sectoral groups. It annually arranges approximately 150 scientific and technical symposia in the USSR and receives over 300 delegations from capitalist countries.

## II

How do matters stand as concerns the USSR's cooperation with the leading capitalist countries?

Scientific and technical cooperation between the USSR and *France* has as its basis the 1966 Intergovernmental Agreement on Scientific, Technical and Economic Cooperation, as well as other intergovernmental arrangements on joint actions in particular spheres of science, technology and industry. The "Big" and the "Small" intergovernmental commissions and 29 sectoral working and expert groups are the guiding and working bodies of this cooperation. Contacts have been established with more than 200 French research organizations. Rhône-Poulenc, Thomson-CSF, Alsthom Atlantique are among the major concerns with which Soviet organizations conduct active business.

The greatest progress in Soviet-French cooperation in science and technology is being made in exploring and conquering outer space for peaceful purposes, in atomic energy, colour television, environmental protection, agriculture, public health and medicine, as well as in the chemical, oil, gas, machine tool-making and other industries. On board the Salyut-6 station, for instance, a Soviet-French experiment Cytos-M in cellular biology was carried out, and a study of solar plasma made on board the Venera-11 and Venera-12 interplanetary stations and the Prognoz-7 satellite. In January 1973 a French angle laser reflector was delivered to the Moon on board the Soviet self-propelled apparatus Lunokhod-2. The reflector was successfully positioned by Soviet and French specialists.

After the signing on August 12, 1970, of the Moscow Treaty which defined a policy aimed at the all-round development of cooperation between the USSR and the *FRG* and confirmed the principles of peaceful coexistence as the foundation norms of relations between the

two countries, a good start was made in developing their mutual cooperation in science and technology. The USSR-FRG Commission on Economic, Scientific and Technical Cooperation organized the elaboration of and control over the fulfilment of specific measures which would expand contacts between interested organizations and enterprises in the economic, scientific and technical fields.

Agreements were signed with such firms as Krupp, Siemens, BASF, Daimler-Benz, Ruhrkohle, Bayer, Hoechst, AEG-Telefunken, Otto Wolff, Robert Bosch. At present over 40 agreements are in force in mechanical engineering, machine-tool construction, instrument-making, electrical engineering, electronics, chemistry, metallurgy, agriculture and other sectors. In 1970 a long-term agreement was signed on cooperation between the USSR Academy of Sciences and the German Research Society in fundamental and applied sciences.

Cooperation between the USSR and Western countries knows quite a few examples of scientific and technical contacts growing into industrial and economic ties. For instance, our cooperation with the West German firm Korf on the theme "Direct reduction of iron" led to the construction of the Oskol electro-metallurgical complex. Our researches carried out in conjunction with the firm Salzgitter resulted in a contract for the shipment to the USSR of equipment to manufacture high-pressure polyethylene. At present several West German firms intend to participate in modernizing enterprises in the building, light and food industries, and other industrial projects in the USSR. As a result of cooperation with Gildemeister, an original semi-automatic lathe has been developed, while such cooperation with Stetter has been crowned with the joint production of transit mixers and motorized concrete pumps. The manufacture of jointly developed sewing and round-knitting machines is now under way on the basis of cooperation. In all, 17 long-term agreements on cooperation are now in force between Soviet enterprises and West German firms.

Scientific, technical and economic cooperation between the USSR and *Italy* has a more than 20-year standing. It is based on intergovernmental agreements, the Long-term Programme and more than 30 agreements between Soviet and Italian organizations and private firms on cooperation in chemistry, pet-

rochemistry, power engineering, metallurgy, mechanical engineering, instrument making, electrical engineering, medicine, agriculture.

Soviet organizations' cooperation with Italian firms in science and technology often results in their industrial and economic collaboration, in wider trade between the two countries. For instance, 16 major enterprises have been built in the Soviet chemical, petrochemical and gas industries on a compensation basis in cooperation with such concerns as Montedison, ENI, SNIA-Viscosa, Press-Industria. In cooperation with Fiat, set off by the agreement on scientific and technical cooperation, the VAZ car factory was built in the town of Togliatti. The concern ENI took part in the construction of the gas pipeline which delivers Soviet gas to Italy. In Soviet-Italian business cooperation a noticeable role more and more belongs to the joint development of industrial installations and technology with such concerns as Montedison, Finmeccanica, the firms FATA, Press-Industria, Tecnipetrol, De Nora, and others. In cooperation with the firm Concerie Cogolo two tanneries were designed and in 1979 built in Voznesensk and Kursk; they are among the largest in the world.

An important place in Soviet-Italian scientific and technical contacts goes to cooperation in fundamental sciences and applied research, medicine and health protection.

The North European countries—Finland, Sweden, Denmark and Norway—are among the Soviet Union's traditional partners in scientific and technical cooperation. A special place among them and in Western Europe as a whole is held by *Finland* with whom our scientific and technical contacts are an important element of the entire system of Soviet-Finnish relations. Scientific and technical cooperation between the two countries has reached a high level thanks to the firm foundation laid in 1948 by the Treaty of Friendship, Cooperation and Mutual Assistance between the USSR and the Finnish Republic, and prolonged in 1983 for another 20 years. The Soviet Union and Finland are rightly considered the pioneers of scientific and technical cooperation between states with differing social systems. A series of agreements have been signed with various Finnish organizations and firms, and 32 joint sectoral working groups have been set up in major branches of industry, agriculture, transport, as well as on fundamental and applied research.



The Long-term Programme for the Development and Deepening of Trade, Economic, Industrial, Scientific and Technical Cooperation between the Soviet Union and the Finnish Republic up to 1995 provides for cooperation in the pulp-and-paper and woodworking industries, forestry and agriculture, land improvement, non-ferrous metallurgy, the chemical industry, electrical engineering, construction, geology and environmental protection. The Soviet-Finnish Commission on Scientific and Technical Cooperation is functioning successfully. Agreements have been signed (and are effectively being carried out) with the following Finnish firms: Wärtsilä—on cooperation in shipbuilding, Strömberg—on the development of automatic control systems for technological processes in the cement industry, Valmet—on the creation of equipment for the pulp-and-paper industry, Kone—on hoisting and conveying machinery, Nokia—on cooperation in automating the production of power cables.

In the practice of Soviet-Finnish scientific and technical ties a new form of cooperation has found application, namely, joint scientific-and-production activity. In the 1980s Soviet-Finnish cooperation in science and technology will progress further in such areas as power engineering, construction, ferrous and non-ferrous metallurgy, the food and meat-and-dairy industries, printing, electrical engineering, computational techniques, communications, medical equipment and pharmacology.

The Long-term Programme for the Development of Economic, Industrial, Scientific and Technological Cooperation between the USSR and Sweden signed in September 1981 up to 1990 has imparted a balanced and purposeful character to this cooperation. This programme serves as a guide for the Soviet-Swedish groups of experts in cooperation covering construction, geology, the timber, woodworking and pulp-and-paper industries, standardization, quality control, medical equipment. Cooperation is developing in environmental protection, flight safety for civil aircraft, power-generating machinery manufacturing. There is a number of agreements on cooperation between the USSR State Committee for Science and Technology and Swedish firms and organizations in the automobile industry, machine-tool and instrument making, shipbuilding, electrical engineering and heavy machinery manufacture. Soviet organizations are successfully cooperating with well-known Swedish firms such

as ASEA, Alfa-Laval, Atlas Copco, Statsföretag, Sandvik; our relations with Sweden's Technical Development Board are progressing.

In 1970 the USSR and *Denmark* signed the Intergovernmental Agreement on Economic, Scientific and Technical Cooperation; in 1978 the Long-term Programme for the Development of Economic and Industrial Cooperation currently under way in mechanical engineering, shipbuilding, the chemical and food industries, environmental protection, housing construction and civil engineering, instrument making, fundamental research, in natural and technical sciences. Soviet organizations have active scientific and technical contacts with such Danish firms as De Danske Sukkerfabrikker, Niro Atomizer, Hempel's Marine Paints, Dantec Elektronik A/S, F. L. Smidth.

The past ten years have witnessed the emergence of a mechanism for scientific and technical cooperation between the USSR and *Norway*, basically expressed in joint work and research, exchange of information and delegations of specialists, joint seminars and symposia. The cooperation is most active in civil engineering, fishing, computational technique, fire-prevention. In November 1980 the two countries signed a Long-term Programme for the Development of Economic and Industrial Cooperation for a period of ten years, defining the principal lines for their long-time cooperation. Regular exchanges of scientific information and specialist delegations take place between the USSR Ministry of Instrumentation, Means of Automation and Control Systems and the firm Mycron and between the USSR Ministry of Fisheries and the firms Simrad, Trio Machininindustri. The Norwegian Industry and Technology Days held in the USSR in 1981 and the Soviet Industry and Technology Days held in Norway in 1982 undoubtedly activated the two countries' scientific and technical cooperation.

Cooperation between the USSR and *Switzerland* in science and technology is stable, and is facilitated by the Agreement on the Development of Economic, Industrial, Scientific and Technical Cooperation between the two countries signed in 1978. In 1979 the parties signed the Long-term Programme for the Development of Economic, Industrial, Scientific and Technical Cooperation, implementation of which opens new possibilities for deepening Soviet-Swiss cooperation. Soviet-Swiss sectoral working groups are implementing the Programme. Their activity covers machine-tool

construction, power-generating and electrical machinery manufacturing, watch making, textile, food-stuffs, pharmaceutical and small-tonnage chemical products.

The USSR State Committee for Science and Technology and Swiss firms have signed 17 agreements on cooperation in such areas as mechanical engineering, foundry, equipment for flour mills and grain elevators and for the chocolate-and-confectionery and mixed-fodder industries, operation of diesel engines, instrument making, powder metallurgy, textile machinery manufacturing, plant-protecting chemicals, stabilizers, plastics and industrial chemicals, dyestuffs and semi-products, pharmaceutical goods, development of information systems.

Scientific and technical contacts between the USSR and *Austria* are based on 16 agreements on cooperation in science and technology, signed by the USSR State Committee for Science and Technology and Soviet ministries with Austrian firms and organizations in such fields as metallurgy, chemistry, power-generating machinery production, chemical machinery manufacturing, machine-tool construction.

In the 1980s this activity expanded due to the Long-term Programme for the Development and Intensification of Economic, Scientific, Technological and Industrial Cooperation concluded between the two countries for the period 1981-1990. The Programme foresees the development of scientific and technical cooperation in the ferrous and non-ferrous metal industries, powder metallurgy, mechanical engineering, the food, chemical, oil and gas industries, agriculture, power engineering, construction.

Among the problems of mutual interest now being tackled is the economic substantiation and technical feasibility of power transmission from the USSR to Austria and other West European countries.

Under an agreement between the USSR Academy of Sciences and the Academy of Sciences of Austria the two institutions maintain active contacts in the area of space exploration.

The USSR's scientific and technical cooperation with *Belgium* covers the chemical industry, ferrous and non-ferrous metallurgy, the building materials industry, atomic energy for peaceful purposes, agriculture, public health and medical science. This cooperation is quite promising in the non-ferrous metal industry, particularly in the production of copper, zinc

and lead, as well as in developing the Udokan copper deposits. The 1981 agreement on cooperation in health protection and medical science provides for the expansion of themes in cardiology, oncology and pharmaceuticals.

The mutually advantageous scientific and technical contacts of the Soviet Union with *the Netherlands* encompass such areas as mechanical engineering, the chemical and petrochemical industries, construction of vessels for the technical fleet, the light and food industries, instrument making, perfumery and cosmetics industry. Scientific and technical contacts in agricultural production are traditional for the USSR and the Netherlands. Soviet organizations have established active economic, scientific and technical ties with more than 60 Dutch firms and organizations, with some of them cooperation agreements have been signed. Mention should be made, for instance, of the USSR's effective cooperation with the AKZO concern in developing synthetic fibre, as well as special additives to be used in the manufacture of polymers and plastics. The 1980s will witness further progress in our cooperation with AKZO on problems of quality control for chemical products, environmental protection, development of selective and active catalysts. Also promising is the USSR's cooperation with the Netherlands' Industrial Council on Oceanology, envisaging joint research in prospecting for and extracting minerals from the seabed and building hydro-engineering installations.

Contacts between the Soviet Union and *Great Britain* are based on intergovernmental agreements on scientific and technical cooperation and the Long-term Programme for the Development of Economic and Industrial Cooperation signed for a period of ten years, providing for cooperation in power engineering, the chemical and petrochemical industries, oil production, machine-tool manufacturing, electronics and instrument making, agriculture, as well as fundamental scientific research. There are eight Soviet-British sectoral working groups.

The USSR State Committee for Science and Technology has signed 14 agreements on scientific and technical cooperation with British organizations and firms. For instance, scientists of the USSR Academy of Sciences, the radio astronomic observatory in Jodrell Bank and the Royal Greenwich Observatory have carried out a programme of joint observations in the

fields of radio astronomy and optical astronomy on a cooperation basis using Soviet and British measuring equipment. An electron-optical camera has been jointly developed, which opens ample opportunities for studying superfast processes in quantum electronics.

It should be noted, however, that since the end of the 1970s Soviet-British scientific and technical contacts have often been in difficulty due to the US administration's policy of "sanctions" so far supported by official British circles.

Cooperation in science and technology between the Soviet Union and the *United States* began in the late 1950s. But those were the first steps which by far did not correspond to the two countries' powerful economic and scientific potentials.

Real progress in Soviet-American cooperation was made only in the 1970s. It was based on a series of intergovernmental agreements on cooperation in various fields of science and technology, including joint work in areas like chemical catalysis, water resources, microbiology, forestry, electrometallurgy, application of computers in management, theoretical physics, scientific and technical information, metrology. The other ten intergovernmental agreements provided for joint work in power engineering, space exploration, the study of the World Ocean, environmental protection, agriculture, transport, atomic energy, construction, medical science and public health, research and development of the artificial heart.

Of great scientific and practical interest was the joint work in the fields of catalysis, development of a commercial MHD-installation, electrometallurgy, development of technologies and apparatus for applying optical coatings to various surfaces by the electron-ray evaporation method using Soviet know-how and apparatus, joint development of perfect technologies for welding steel structures for low temperature regimes. Quite successful was the cooperation in medical science and health protection, which resulted, for instance, in the joint development and creation of a functioning artificial heart. Soviet-American cooperation was under way in environmental protection and space exploration.

Soviet organizations maintain scientific and technical contacts with a large number of American firms. With 72 of them the USSR State Committee for Science and Technology has signed agreements on coop-



eration in science and technology. This cooperation has not been equally active with all of them; however, the experience of work with such firms as General Electric, Monsanto, Dresser Industries, the FMS Corporation, Philip Morris, Abbot Laboratories shows that this cooperation can be fruitful and to mutual advantage.

Assessing the results of Soviet-American scientific and technical cooperation in the 1970s it should be noted that on the whole it was satisfactory. What is more, a characteristic feature of that stage of cooperation was the change over from its simple forms (information exchange, joint seminars) to joint research and development.

No blame can be attached to the Soviet Union for the decline in the volume of scientific and technical cooperation between the two countries in recent years. The American side failed to prolong the agreements on cooperation in science and technology, power engineering, transport and space exploration. The joint work envisaged in the agreements on cooperation in housing construction and fields of civil engineering, and agriculture, has been reduced to the minimum or suspended altogether. Certain difficulties have arisen in carrying out mutually beneficial cooperation with some American companies.

The early 1970s saw the active advance of scientific and technical cooperation between the USSR and *Canada* in the following areas: the oil and gas industries, power engineering, architecture, construction and the building materials industry, the timber and pulp-and-paper industries, forestry and agriculture, transport. In 1976 the Soviet and Canadian governments signed a Long-term Agreement to Facilitate Economic, Industrial, Scientific and Technical Cooperation between the two countries, and in 1978 they signed a Long-term Programme of Cooperation in these areas.

Cooperation was very lively in the oil industry, particularly when the joint testing of a Soviet-developed turbodrill was in progress.

Since the end of the 1970s, however, the development of Soviet-Canadian scientific and technical contacts has been adversely affected by some objective factors such as economic difficulties caused by the protracted economic recession, growing inflation, and so on.

Despite this, some business circles and individual provinces (Alberta, Saskatchewan, Quebec) are

showing greater interest in business contacts with Soviet organizations.

Scientific and technical cooperation between the USSR and *Japan* began to be active only at the end of the 1960s. It was precisely at that time that a process of up-dating science began practically in Japan, especially in applied researches and developments. Moreover, in that period Japanese business circles showed direct interest in the Soviet Union as a source of raw materials the Japanese economy needed and as a sales market.

Characteristic in this connection is the fact that it was precisely Japanese business circles that came out and continue to support active scientific and technical cooperation between the two countries. As for Japan's official quarters they have so far failed not only to show interest in broader scientific and technical contacts with Soviet organizations but in some cases even braked the expansion of such contacts.

Soviet-Japanese relations in the fields of science and technology are regulated by a system of interstate and interdepartmental agreements and other understandings. This system mainly took shape in the 1970s. In mid-1960s Japanese business circles sponsored cooperation with Soviet industrial organizations and it is now over 15 years since they began actively developing this cooperation. These business operations of Japanese companies and firms are supported by the most influential organization of industrialists in Japan, namely, the Federation of Economic Organizations (Keidanren). The USSR State Committee for Science and Technology has signed agreements on scientific and technical cooperation with 16 Japanese firms and also with the Sorentoboekikai company. Moreover, other Soviet ministries and departments have signed 19 protocols. In accordance with these arrangements, joint work is in progress on the manufacture of experimental commercial models and on the development of new medical apparatus and testing of machines and equipment in our climate; the parties organize seminars and symposia, exchange specialists, etc.

### III

It should be noted that our economic, scientific and technical contacts with the leading capitalist countries are continuing in a complicated international situation. They are being adversely influenced above all by a policy of confrontation and fanning of international

tensions by the Reagan administration's policy of "sanctions."

The foreign press, often prompted by the official circles of major capitalist countries, tries to misrepresent the real nature of scientific and technical cooperation with the USSR, alleging that this cooperation is only of advantage to the Soviet Union, not to the Western powers. Not infrequently the authors of this absurdity themselves disprove it when they are compelled, for some or other reasons, to recognize the actual beneficial nature of this cooperation.

The egoism of the United States is manifested in numerous forms: the artificially overstated rates of discount in the USA; the high exchange rate of the dollar; an actual trade war with Western Europe as concerns food, steel and in other sectors; and sanctions. The USA is out of its way to use all these weapons not only against the Soviet Union but also against its partners in Western Europe and Japan in order to undermine their economic positions and their scientific and technical cooperation with Soviet organizations.

Nevertheless, some American firms show interest in continuing their cooperation with the USSR.

This cooperation is going on, for instance, in the extractive and chemical industries and in the agro-industrial complex. In October 1983 over 100 American companies took part in the agricultural exhibition, Agribusiness USA-83, held in Moscow. The agreement on cooperation in atomic energy uses for peaceful purposes has been prolonged. In June 1984 the 8th session of US-USSR Trade and Economic Council met in the USA to discuss the state and prospects of cooperation between the two countries.

Some revival is now observed in the Soviet Union's scientific and technical ties with Canada and Great Britain.

After a four-year interval the Soviet-Canadian Mixed Commission on Economic, Scientific and Technical Cooperation held its 3rd session in Moscow, at which the prospects of ties between the two countries were defined. Talks were also held on the development of cooperation in studying the Arctic.

Soviet-British "round-table" meeting was held in Moscow and Suzdal (USSR) in March 1983, at which decisions were taken on the further development of cooperation between the USSR and Great Britain, including cooperation in industrial management, pro-

duction robotization, development of flexible manufacturing systems. The British-Soviet Chamber of Commerce held its annual meeting in which representatives from 180 British firms took part. The Permanent Soviet-British Intergovernmental Commission for Cooperation in the Fields of Applied Science, Technology, Trade and Economic Relations had its 12th session last May.

Even further progress is being made in the USSR's cooperation with other West European countries: France, Finland, Austria, Belgium, Sweden, Norway, the Netherlands, the FRG on both intergovernmental level and between their firms and Soviet organizations. After a long interval, scientific and technical contacts with Spain and Italy at intergovernmental level are being renewed.

Special mention should be made of the activization of our scientific and technical cooperation with France. The year 1983 was indicative in this respect. Early in that year the Soviet-French (Big) Commission held its 17th session and at the end of the year—its 18th session. In February 1983 the parties signed a ten-year programme of cooperation in science and technology, and the intergovernmental agreements on cooperation in the chemical industry and transport were prolonged.

The year 1983 was notable for high activity as concerns the organization in the USSR and abroad of scientific and technical symposia (over 200), sessions of joint sectoral working groups (over 50) and bilateral talks. Representatives of foreign firms were active in these measures. The USSR State Committee for Science and Technology alone received over 300 delegations from capitalist countries, not counting the arrival in the USSR of many other delegations from Western countries received by ministries, departments, the Academy of Sciences, research and educational institutions of our country.

We thus may say with confidence that international cooperation in science and technology will continue to expand despite the attempts to disrupt it, and it will favourably influence economic ties and peaceful business cooperation between East and West.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### BRITAIN: 12TH SESSION OF INTERGOVERNMENTAL COMMISSION

Moscow FOREIGN TRADE in English No 9, 1984 pp 19-21

[Article by Valeri Voinov, executive secretary of the Soviet part of the Soviet-British Intergovernmental Commission for Cooperation in the Fields of Applied Science, Technology, Trade and Economic Relations: "USSR-Great Britain: 12th Session of the Permanent Intergovernmental Commission"]

#### [Text]

The 12th Session of the Soviet-British Permanent Intergovernmental Commission for Cooperation in the Fields of Applied Science, Technology, Trade and Economic Relations was held in Moscow, May 1984.

N.S. Patolichev, USSR Foreign Trade Minister, leader of the Soviet delegation, chaired the Session; P. Channon, the Minister of State for Trade of Great Britain, led the British delegation.

The Session considered the state and prospects of USSR-Great Britain trade, economic, industrial, scientific and technical cooperation as well as realization of the Long-Term Programme for the Development of Economic and Industrial Cooperation, supplements to it and the Ten-Year Programme of Cooperation in the Fields of Science and Technology.

The sides expressed the desire to continue their joint efforts in the spheres of trade, economy, industry, science and technology with the aim of further developing the Soviet-British relations and promoting fulfilment of the provisions of the Final Act of the Conference on Security and Cooperation in Europe concerning cooperation in economy, science and technology.

The sides agreed that practical realization of the decisions of the 10th and 11th sessions of the Commission resulted in a certain upsurge of Soviet-British trade, economic and industrial cooperation. It was pointed out that USSR-Great Britain trade turnover increased in 1983 by 16 per cent relative to that in 1982, amounting to 1,800 million



rubles and the intention was expressed to exert further efforts for the purpose of expanding bilateral trade and economic relations on a mutually beneficial basis.

A thorough exchange of opinions on realization of the Long-Term Programme for the Development of Economic and Industrial Cooperation of February 17, 1975, and Supplements to it, including the Protocol on its Supplement of September 28, 1982, took place.

When discussing Soviet organizations' participation in constructing and modernizing industrial enterprises in Great Britain based on possible supplies of Soviet equipment, licences and technical documentation it was pointed out that cooperation in this sphere had not reached the desired level. In this connection the sides expressed readiness to continue their efforts for expanding the export of Soviet equipment, technology and licences to Great Britain.

The sides stressed that in the period after the 11th session of the Commission due to continued cooperation in constructing, expanding and updating enterprises in the USSR Soviet foreign trade organizations and British firms concluded contracts on the delivery of British machinery and equipment for a number of Soviet industrial branches, in particular, for the gas, oil, chemical, food, tobacco industries and also for metallurgy, mechanical engineering and agriculture.

The delegations have agreed that there are possibilities for expanding cooperation in this sphere. They stated that Soviet foreign trade organizations and British firms were holding talks on possible deliveries to the USSR of various types of machinery and equipment for a number of industries including the oil, gas, chemical, textile industries, metallurgy, mechanical engineering as well as agriculture and other sectors of the USSR agro-industrial complex.

In the field of compensation-based cooperation it was pointed out that talks were being continued on the possibility of British firms' participation in creating in the USSR an industrial complex manufacturing fodder protein from methanol, large-tonnage production of methanol, in delivering equipment for the chemical, food and other industries. The Commission hoped that these talks

would be positive and thus promote the Soviet-British trade and economic relations.

The sides discussed the state of industrial cooperation and underlined the latent possibilities lying in this field. Taking into account the importance of industrial cooperation as a means for developing more long-term and stable commercial ties between the two countries' organizations and firms it was agreed to continue arranging industrial cooperation in order to obtain practical results in this sphere of endeavour.

The delegations marked the noticeable progress in expanding mutual exchanges of goods and services, specially stressing the significant role of general agreements on cooperation and also long-term contracts concluded between some Soviet foreign trade organizations and leading British firms.

The Commission stated its satisfaction with the signing during the Session of a general agreement on cooperation for five years between Techmashimport for itself and on behalf of Exportjon and Sojuzchimexport and the British firm Courtaulds. The Agreement envisages cooperation in several sectors including the firm's possible participation in reconstructing and modernizing enterprises manufacturing man-made fibres, particularly, acrylic and viscose fibres and acetate thread negotiations on which are continuing with the USSR Ministry of Chemical Industry.

The sides agreed to study the possible ways of accelerating the realization of the Long-Term Programme for the Development of Economic and Industrial Cooperation between the USSR and Great Britain for the 1985-1987 period.

The Session considered the results and prospects of the activity of the Soviet-British working groups set up at the 11th Session of the Commission, such as those on machinery and equipment, agriculture, food processing and packaging. The Session's participants were pleased with the progress achieved at the first meetings of these working groups and hoped that their activity would promote cooperation between the two countries' organizations and firms on a mutually beneficial basis.

The Commission pointed out the importance of the measures undertaken by the sides which enhance the development of trade, economic and industrial cooperation. The session positively evaluated the activity of the Chambers of Commerce and Industry and similar organizations in the two countries dealing with expanding contacts between Soviet organizations and British firms. It was stressed in particular that the seminars, How to Trade with the Soviet Union, held for small and medium firms in London and Manchester, October 1983, were useful for informing British business circles on the possibilities of developing trade with Soviet organizations. The parties agreed to encourage and help organize such seminars in 1984 and 1985.

The sides welcomed the visit of Sir Campbell Frazer, President of the Confederation of British Industry, to the USSR in April 1984.

The Commission also discussed obstacles hindering the development of the two countries' trade and economic relations and considered the ways of their elimination.

The Commission examined the state and prospects of cooperation in science and technology between the USSR and Great Britain and admitted that on the whole it was progressing satisfactorily. It was stated that since the 11th session of the Commission very important undertakings in this sphere were carried out such as, the British Technical Week in the USSR, visits of delegations of the Confederation of British Industry and the British Institute of Management as well as the signing of four new agreements between the USSR State Committee for Science and Technology and the British firms Membrain Ltd., Land Instruments Ltd., Albright and Wilson Ltd. and FEDEC Food Industry Ltd.

The Commission approved the sides' desire to further develop scientific and technical ties in various fields including management of industry, the agro-industrial complex, economic and rational utilization of power and flexible manufacturing systems.

The Parties pointed out the positive effect of the Ten-Year Programme of Cooperation in

Science and Technology of February 17, 1975, on the development of long-term ties between the two countries' organizations and firms.

Because of the soon expiring validity the Commission recommended that the said Programme be prolonged for the next five years after having specified the subject-matter of cooperation included in it.

The Commission adopted the sides' intention to hold in 1985 a regular "round-table" meeting in Great Britain, to discuss the matters of development of the USSR-Great Britain scientific, technical, economic and industrial cooperation.

The Commission decided to hold its next Session in Great Britain, 1985.

During the 12th Session of the Commission P. Channon, leader of the British delegation, had an audience with Z.N. Nuriyev, Deputy Chairman of the Council of Ministers of the USSR, G.I. Marchuk, Deputy Chairman of the Council of Ministers of the USSR, Chairman of the USSR State Committee for Science and Technology, N.S. Patolichev, USSR Foreign Trade Minister, V.V. Listov, Minister of Chemical Industry, V.A. Dinkov, Minister of Gas Industry, M.S. Shkabardnya, Minister of Instrumentation, Means of Automation and Control Systems, and V.P. Lein, Minister of the Food Industry. During these talks the prospects of Soviet-British bilateral relations in specific spheres were thoroughly discussed.

The meetings and talks within the 12th Session of the Commission were held in a businesslike and constructive atmosphere. The opinion was expressed that its results would promote mutual understanding and expand cooperation between the USSR and Great Britain.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### ITALIAN LONG TERM TRADE AGREEMENT THROUGH 1990 SIGNED

#### Past Trade Performance Reviewed

Moscow FOREIGN TRADE in English No 9, 1984 pp 52-53

[Article by Sergei Zonov: "USSR-Italy Trade and Economic Cooperation Progressing"]

[Text]

USSR-Italy trade and economic relations have a tendency towards stable and steady growth.

Over the last decade Soviet-Italian trade has grown four times. In 1983 its volume increased by 8 per cent relative to that in 1982 and exceeded 4,400 million rubles. Soviet goods deliveries to Italy in 1983 amounted to 3,000 million rubles, and the USSR's import from Italy—1,400 million rubles. Major Soviet export goods to Italy are: oil, gas, petroleum products, chemical goods, and forest and woodworking industry products, and in the USSR's import from Italy, machinery and equipment, pipes and other products of ferrous metallurgy prevail.

The 13th session of the Joint Commission held in Moscow, December 1983, considered the state and prospects of bilateral trade and economic relations. The sides pointed out that the Soviet-Italian agreements and understandings on economic matters were being successfully realized.

Considerable importance at the session of the Commission was placed on discussing Soviet-Italian trade problems, in particular, the problem of Italy's negative trade balance with the USSR which is of great concern for the Italian side.

Discussing this question at the 13th session of the Joint Commission the sides agreed to take measures to put the further development of

Soviet-Italian trade on a more balanced basis and promote the growth of Italian goods deliveries to the USSR, particularly machinery and equipment.

The deliveries of Italian machinery and equipment to the USSR have substantially increased over the last years. Realization of the Long-Term Programme for Deepening USSR-Italy Economic and Industrial Cooperation, dated October 29, 1975, and the additional Protocol to it, dated October 27, 1979, elaborated in line with the Agreement on Developing Economic, Industrial and Technical Cooperation between the USSR and Italy for a ten-year period, dated July 25, 1974, played an important role.

During the years this Programme had been in operation (1975-1983) Italy supplied the USSR with machinery and equipment worth nearly 3,800 million rubles, including equipment for enterprises in the chemical, petrochemical, oil-refining and gas industries, for various engineering sectors, ferrous metallurgy, the building material industry, the light, food industries, etc. Italian firms delivered equipment, pipes and materials for the Urengoi-Uzhgorod gas pipeline. Compensation-based cooperation progressed; there are examples of industrial cooperation between Soviet organizations and Italian organizations and firms.

USSR-Italy business ties are very promising. Long-term agreements were signed with some Italian firms; talks on large projects of possible cooperation are being conducted. Recently important prerequisites for furthering bilateral trade and economic cooperation were created.

N. Capria, Foreign Trade Minister of Italy, visited the Soviet Union in May 1984. He had talks with N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, in the course of which the main questions of bilateral trade and economic relations were discussed.

During the visit the Soviet foreign trade association Sojuzgazexport and the Italian firm SNAM included in the ENI state association signed an agreement on deliveries to Italy of Soviet natural gas along the Urengoi-Uzhgorod gas pipeline (6,000-8,000 million cu. m per year) during 25 years. Gas deliveries under this agreement will

begin already this year. The signing of this agreement witnesses both sides' desire to expand their business relations on a stable and long-term basis.

The increased deliveries of Soviet natural gas to Italy will give a new impetus to developing the two countries' trade and economic ties and open new possibilities for expanding bilateral cooperation in power engineering and other spheres.

Simultaneously a General Agreement on cooperation of Soviet foreign trade associations with Italy's ENI group in the chemical, petrochemical, petroleum-extracting, oil-refining, gas and textile industries and on deliveries of equipment and other deliveries for the period up to 1990 was signed.

In the course of the visit the sides signed documents on the further development of USSR-Italy trade on a more balanced basis. The documents were signed by N.D. Komarov, First Deputy Foreign Trade Minister of the USSR, and N. Capria, Foreign Trade Minister of Italy.

The new Long-Term Programme for Deepening Economic, Industrial and Technical Cooperation between the USSR and Italy for the period up to 1990 signed in Moscow, April 23, 1984, by A.A. Gromyko, Minister of Foreign Affairs of the USSR, and G. Andreotti, Minister for Foreign Affairs of Italy, during his visit to the Soviet Union, is to be of great importance for further expanding bilateral trade and economic relations.

Just as the previous Long-Term Programme of Cooperation, dated 1975, this document is based on the USSR-Italy Agreement on Developing Economic, Industrial and Technical Cooperation.

The Long-Term Programme for Deepening Economic, Industrial and Technical Cooperation between the USSR and Italy for the period up to 1990 envisages further expansion of bilateral business ties on a stable, mutually beneficial, long-term and more balanced basis in such aspects and spheres as construction of industrial complexes in the USSR and Italy, updating, reconstruction and expansion of existing enterprises, construction of enterprises in the USSR on a compensation basis, industrial cooperation, designing of industrial complexes, scientific and technical de-

velopment, agriculture, exchange of goods and services.

The two countries' Long-Term Programme will make it possible to more fully take into account and use industrial, technical and inherent capabilities of the USSR and Italy and determine specific cooperation projects with Italian firms.

Not only large but also medium and small Italian firms will actively participate in realizing the Long-Term Programme of Cooperation up to 1990. The said firms always receive effective assistance and help of the Italian-Soviet Chamber of Commerce and its representation in Moscow, the former having marked this year the 20th anniversary of its activity.

Simultaneously with the signing of the Long-Term Programme the period of validity of the Agreement on Developing Economic, Industrial and Technical Cooperation between the USSR and Italy and the Agreement on the USSR-Italy Economic Cooperation for the period 1980-1985 was prolonged up to December 31, 1990.

The strengthening of the treaty-legal basis of the Soviet-Italian economic relations and the signing of important bilateral documents creates the necessary prerequisites for their further development in both countries' interests.

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#### Long-Term Agreement

Moscow FOREIGN TRADE in English No 9, 1984 pp 53-54

[Document: "Long-Term Programme for Deepening Economic, Industrial and Technical Cooperation Between the Union of Soviet Socialist Republics and the Italian Republic for the Period up to 1990"]

#### [Text]

The Government of the Union of Soviet Socialist Republics and the Government of the Italian Republic,  
confirming their desire to further develop the relations of friendship and cooperation,

striving to strengthen the stable and long-term character of economic, industrial and technical cooperation between the two states, imparting greater balance to it,

referring to the provisions of the Treaty on Trade and Navigation between the USSR and Italy dated December 11, 1948, the Agreement on Developing Economic, Industrial and Technical Co-



operation of July 25, 1974, the USSR-Italy Joint Declaration dated November 20, 1975, and the Agreement on Economic Cooperation for the 1980-1985 period dated October 27, 1979,

pointing out with satisfaction that economic cooperation gave positive results and mutual advantages for the two states, especially, that the Long-Term Programme for Deepening Economic and Industrial Cooperation between the USSR and Italy dated October 29, 1975, supplemented by a Protocol dated October 27, 1979, is being realized,

confirming their desire, in line with the principles and provisions of the Final Act of the Conference on Security and Cooperation in Europe, signed in Helsinki on August 1, 1975, to continue the development and deepening of economic, industrial and technical cooperation on the principles of mutual benefit,

elaborated this Programme of cooperation for the period up to 1990.

### **1. General Provisions**

The Parties shall continue their efforts aimed at deepening economic, industrial and technical cooperation on a stable, mutually beneficial, long-term and more balanced basis. For this purpose the Parties shall encourage the conclusion of long-term agreements and contracts between Soviet foreign trade organizations and Italian firms as well as development of contacts between competent Soviet organizations and Italian firms including medium and small ones, in particular, for assuring wide mutual information on specific capabilities and trends of cooperation.

The Parties shall promote the development of new directions and forms of cooperation which would more fully use technical, industrial and natural capabilities of either country. They shall try to use all the possibilities available from the exchange of patents and licences, scientific and technical experience and cooperation with third countries.

The Parties shall render assistance in realizing cooperation projects. They proceed from the fact that the supplied equipment and technological processes will meet the requirements of advanced technology.

Recognizing the importance of financing certain cooperation projects, the Parties, within their corresponding legislations, shall endeavour to grant credits on possibly more favourable and mutually acceptable terms.

The Parties agreed to encourage the deepening of cooperation, particularly in the following fields:

- industry;
- agriculture;
- exchange of goods and services.

### **2. Cooperation in Industry**

The Parties consider cooperation in industry one of the major directions of cooperation between the USSR and Italy. The Parties are convinced that the deepening and perfection of cooperation in this sphere will make it possible to more fully use the advantages stemming from the two countries' specialization in production and better satisfy their demands for industrial products and raw materials.

The Parties agreed that the forms of cooperation in industry may be the following:

cooperation in constructing industrial complexes in the USSR and Italy as well as modernization, reconstruction and expansion of existing enterprises;

cooperation in constructing industrial projects in the USSR on a compensation basis;

development of industrial cooperation between Soviet and Italian organizations and firms, including joint manufacture of products intended for meeting the requirements of the USSR and Italy and for exporting to third countries as well as construction of industrial projects in third countries;

granting of services connected with industrial production, including the designing of industrial complexes, research and development, etc.

**(a) Cooperation in constructing industrial complexes in the USSR and Italy as well as modernization, reconstruction and expansion of existing enterprises**

The Parties pointed out that realization of the Long-Term Programme for Deepening Economic and Industrial Cooperation between the USSR and Italy dated October 29, 1975, confirmed importance for assuring further expansion of long-term economic cooperation of agreements and contracts concluded on constructing enterprises in the USSR and Italy, the products of which in the long-term plan might be of interest for either country.

The list of possible directions of Soviet-Italian cooperation in constructing enterprises based on deliveries of equipment, licences and technical documentation is given in Annex I.

**(b) Cooperation in constructing industrial enterprises in the USSR on a compensation basis**

Such form of cooperation as participation of Italian firms in constructing industrial complexes on a compensation basis in the USSR considerably progressed.

In future such projects will be considered by the two countries' authorities according to their importance and depending on capabilities available in either country.

The list of possible directions of cooperation in this area is given in Annex II.

**(c) Development of industrial cooperation including joint production**

The Parties consider that development of industrial cooperation intended for satisfying the demands of the USSR and Italy and for the delivery to third countries as well as construction of industrial enterprises in third countries may be of great importance for deepening Soviet-Italian cooperation.

The Parties consider that development and expansion of industrial cooperation will create new possibilities for diversifying mutual trade turnover and its growth.

The forms of such cooperation might be, in particular, joint design, participation in manufacturing and joint realization of the products.

The list of possible directions of cooperation between Soviet organizations and Italian firms in industrial cooperation and joint production is given in Annex III.

### **3. Cooperation in Agriculture**

The Parties point out that development of agricultural production is an important factor of the two countries' economic progress. The Soviet-Italian Agreement on Cooperation in Research in Agriculture of September 15, 1967, laid a sound foundation for developing cooperation.

The Parties consider that there are favourable possibilities for deepening cooperation in this sphere for more effective utilization of resources of both countries and increasing the productivity of agriculture. They shall take all possible steps to promote cooperation in the sphere.

### **4. Exchange of Goods and Services**

The Parties consider that practical realization of this Programme creates favourable prerequisites for developing exchange of goods and services between the two countries and improving its structure. They shall exert every effort to expand the range of mutually supplied goods and reach better trade turnover balances.

For this purpose the Parties shall enhance the development of exports on the basis of granting credits and cash payments.

The Parties deem it expedient in their mutual concerns to more widely use the practice of concluding long-term agreements and contracts on delivery of goods and services.

### **5. Final Provisions**

This Programme does not exhaust all possible fields and directions of cooperation between the two countries. As it is being realized, it can be specified and supplemented under the agreement between the two Parties, depending on the new demands and possibilities arising.

Control on the observance of the provisions and principles stipulated in this Programme shall be carried out by the Joint Commission for Economic, Scientific and Technical Cooperation between the USSR and Italy.

For this purpose the Parties' representatives shall meet not less than once a year. They shall exchange the corresponding information and elaborate necessary measures.

This Programme shall not affect realization of bilateral and multilateral treaties and agreements concluded between the Union of Soviet Socialist Republics and the Italian Republic.

This Programme shall enter into force on the day of its signature and shall be valid up to December 31, 1990.

Done at Moscow on April 23, 1984, in two originals, each in the Russian and Italian languages, both texts being equally authentic.

**For the Government  
of the Italian Republic  
G. ANDREOTTI**

**For the Government of the Union of  
Soviet Socialist Republics  
A. A. GROMYKO**

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### SOVIET-FINNISH TRADE RELATIONS

Moscow PRAVDA in Russian 25 Jul 84 p 4

[Article by M. Kostikov; "Reserves of Cooperation"]

[Excerpts] Vainikkala is the first station on Finnish soil after crossing the Soviet border. Trains are standing awaiting departure: two-tiered flat-cars with "Ladas," lines of oil-tanker cars and freight cars loaded with Finnish paper and equipment for our country. Different kinds of freight in an endless and increasing flow go through Vainikkala in both directions. The second most important trade route from the USSR to Suomi and back is the Saymenskiy Channel, reconstructed by the combined efforts of Soviet and Finnish workers and specialists.

The trade and economic connections between our country and its northwestern neighbor are many-sided. Reciprocal commodity circulation during the first three years of the current five-year plan exceeded 15 billion rubles, and for the five-year plan as a whole it is expected to reach 25 billion rubles, as opposed to 18-20 billion rubles projected by the long-range program for 1981-1985.

Machine building, ship building and wood and paper industry production comprise more than half of Finnish exports to the USSR. In addition, the Finns place products of the chemical industry and agriculture and a large assortment of widely needed goods on the Soviet market. A whole group of branches of Finnish industry have almost half their jobs ensured by Soviet orders, which give work to tens of thousands of Finns. Significant Soviet exports to Suomi include not only domestically produced machines and various equipment, but also deliveries of energy--from liquid fuel to gas and electricity; this is important for the essential development of all sectors of the economy.

Establishment of a sound basis for trade and economic relations between our countries, independent of the conjunctural fluctuations of the world market, occurred practically by the joint efforts of only one generation. All of this was achieved thanks to the Treaty on Friendship, Cooperation and Mutual Assistance of 1948.

Long-range prospects for Soviet-Finnish relations were ensured by the third regular extension of the treaty's force for the next twenty years. According to the determination of Mauno Koivisto, President of the Finnish republic, this was the most important event of the past year.

The traditional practice, already established in the time of President Urho Kekkonen, of personal contacts between the leaders of both countries continues to play an important role in improving the whole complex of Soviet-Finnish relations. The visit to the USSR of the President of the Finnish republic, M. Koivisto, followed by that of the Minister of Foreign Affairs, P. Vayrynen, at the recently held 29th session of the Soviet-Finnish inter-governmental commission on economic cooperation, as well as business meetings and conversations in Moscow and Helsinki have yielded important new results in the development of mutually advantageous good neighbor relations.

In speaking of the successes of Soviet-Finnish trade and economic cooperation, examples are most often given of the large contracts and combined construction objects in whose realization the largest Finnish concerns and firms participate. These include the joint stock companies, "Valmet," "Finstroy," "Vjartsilja," "Nokika," "Rauma-Repola" and others.

But there are many more medium-size and small firms here with a workers' staff of from 30 to 200 people. The proportion of such enterprises in Finland's industry now comprises about 70 percent. Due to narrow specialization, high production quality and continual technological improvement, they play a notable role in the economy.

"The nomenclature of reciprocal deliveries is constantly increasing," says I. Nordlund. "We mainly supply products for industrial construction, various construction materials and consumer goods. There are also contracts on a compensatory basis. Recently, continuing in the function of intermediary, we have organized the independent sector, "Feksima-stroy." We have begun joint project planning of industrial objects with Soviet specialists.

"As far as future prospects are concerned, in my opinion they are practically unlimited. A great deal in the realization of the potential of our trade and economic cooperation depends on us Finns. The more we will purchase in the USSR, machines and equipment primarily, as well as other industrial products, the wider the borders of the Soviet market will be for our exports..."

For a city the size of Hamina--middle-size by Finnish standards--where 10.5 thousand people live, the presence of two plants is a subject of pride. But Hamina is not only a city, it is also a port on the southeast coast of the Gulf of Finland. Large scale Soviet shipments of petrochemical products to Western Europe pass through Hamina and its neighboring city-port, Kotka. A sizeable flow of freight goes in the opposite direction.

"The processing of transit freight and ship repair are very important for the maintenance in employment of our dockers and longshoremen," says the director of the port, S. Vaulo.



The two worker-cities, Hamina and Kotka, are in the province of Kymi, whose administrative center is Kouvola. Speaking of his province and its center, Governor Eokki Hurtamo singled out one item: it is imperative to improve productive cooperation with the Soviet partners and broaden the volume and kinds of goods imported from the Soviet Union. "To our great mutual advantage," said the governor, "we could have already emerged on the market of third countries with such projects as the construction of atomic metal cutting machine tools and other types of equipment on the basis of the same cooperation." A similar opinion prevails among specialists and leading representatives of business circles. The improvement of production cooperation is an important reserve in the development of trade and economic connections between our countries and its significance grows with the passage of time. Another question which is awaiting resolution is joint construction and reconstruction of large industrial objects on Finnish territory. Of primary importance is the extension of the gas pipeline built with the participation of the Soviet Union in the central and western regions of the country.

Agreement was reached recently between the All-union association of foreign trade, "Soyuzgazekspart," and the Finnish government joint stock company, "Neste" on basic conditions for increasing shipments of Soviet natural gas to Finland, the overall amount of which will grow to 3 billion cubic meters per year by the year 2000. At the same time, a technical and commercial offer was made to the Finns regarding participation of Soviet organizations in the construction of the new gas pipeline network, Kouvola-Helsinki-Tampere. It is obvious that all this will permit an increase of reciprocal commodity circulation between our countries and will open wider possibilities for Finland in the utilization of natural gas. This applies not only to power engineering, but also in terms of raw materials for the chemical industry.

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CSO: 1825/141

## TRADE WITH INDUSTRIALIZED COUNTRIES

### BRIEFS

COMMERCIAL AGREEMENT WITH URUGUAY SIGNED—Montevideo, 2 Oct (EFE)--Uruguay and the Soviet Union have just signed a commercial agreement that will permit the latter to import up to \$120-million worth of goods. The agreement has been signed by acting Foreign Minister Jorge Alvarez and Nikolay Zinovyev, head of the Soviet commercial delegation now visiting Uruguay. The agreement provides for the opening of commercial offices in Montevideo and Moscow, reciprocally. Walter Rodriguez, Uruguayan foreign trade director, noted that the \$120 million represents a 70-percent increase in the sum that the Soviet Union can now expend in purchases from Uruguay. He also said that Uruguay is granting lines of credits for 10 years plus 3 years grace periods, at 6-percent annual interest for the public sector and at 6.5 percent for the private sector, for the acquisition of Soviet goods. Under the agreement, the Soviet Union can purchase citrus fruits, dairy products, and manufactured goods, without excluding other products. Uruguayan authorities emphasized the importance of the agreement because it does not contain a purchase clause binding on Uruguay and its permits entry into a market of 270 million people. [Text] [Madrid EFE in Spanish 1944 GMT 2 Oct 84 PY]

CSO: 1812/14

## TRADE WITH LDC'S

### THIRD WORLD COMMUNICATIONS PROJECTS VIA UNESCO

LD012012 Moscow TASS in English 1817 GMT 1 Oct 84

[Text] Moscow, 1 Oct TASS--The USSR actively participates in implementation of programmes and projects of rendering technical and economic aid to developing states through UNESCO, journalists were told by Vasilii Ivashov, deputy chairman of the Committee for Foreign Economic Relations.

Twenty-four communication projects were construction, are under construction or planned to be built with technical assistance of the USSR in the past four years. Printing houses were built and printing equipment was delivered to the Republic of Sao Tome and Principe, the People's Democratic Republic of Yemen, Mali, Burundi, cine-equipment to the Congo, Mali, Somalia, Guinea, Iraq, radio stations and all sorts of radio centers were built in Bangladesh, Guinea, India, Iraq, the People's Democratic Republic of Yemen, Pakistan, the ground space communication intersputnik station in Algeria was constructed.

Vasilii Ivashov noted that the USSR also renders assistance in training national cadres. In the USSR there is a special stipend fund for citizens of developing countries willing to study at higher educational establishments of the country in such specialities as journalism, polygraphy, communication, cinema.

Soviet printers help foreign colleagues in the issue of textbooks to train engineers and technicians in relevant specialities in more than 10 foreign languages, supply them with equipment. Foreign specialists are being trained simultaneously in the sphere of polygraphy and publishing.

Almost 100 representatives of newly-free states underwent training in the recent few years at television studios of Moscow, Leningrad, other cities of the USSR.

Soviet aid, said Vasilii Ivashov, is called upon to promote better mutual understanding between nations, to promote the lofty ideals of peace and progress.

CSO: 1812/10

## TRADE WITH LDC'S

### MEXICO TRADE COMMISSION MEETING

Moscow FOREIGN TRADE in English No 9, 1984 pp 21-22

[Article by Andrei Ustinov: "USSR-Mexico: The Commission's Meeting"]

#### [Text]

The third meeting of the Soviet-Mexican Mixed Commission on Trade and Economic Cooperation considered the state of trade and economic relations between the two countries in the period since the Commission's second meeting in 1980. It was pointed out that the Commission's third meeting coincided with the 60th anniversary celebrations of diplomatic relations established between the USSR and Mexico. Both sides confirmed their interest in continuing the development of Soviet-Mexican relations on the principles of peaceful coexistence, self-determination of nations, respect for state sovereignty.

Having discussed the state of bilateral trade and economic relations the sides agreed that positive results had been achieved. At the same time they stressed the need for a look into new constructive forms of cooperation that would further Soviet-Mexican trade, economic and technical cooperation.

At the meeting a Trade Protocol between the USSR and Mexico for 1984 and 1985 was signed, under which Soviet foreign trade organizations are to supply Mexico with components, units and parts for manufacturing agricultural tractors, machines and equipment for the textile, oil and pulp-and-paper industries, metal-working machine tools, machines and equipment for road building, medical equipment and instruments, spare parts for Soviet equipment, and also carbamide, potash chloride, and some other commodities. Mexican organi-

zations and firms will ship to the USSR such traditional exports as sulphur, zinc and lead concentrates, coffee-beans, cocoa-beans, sweet pepper, Mexican fibre, and also some finished products—garments made from denim, steel pipes, etc.

The fulfilment of the signed Protocol will increase the two countries' trade, make it more stable and also strengthen direct trade links between Soviet and Mexican commercial organizations and firms.

Both sides underlined the need to expand business contacts between Soviet foreign trade organizations and Mexican state and private organizations and firms. In this connection the Soviet delegation declared Soviet foreign trade organizations' readiness to take an active part in different regional trade fairs held in Mexico. Specifically the Soviet Union will participate in the CMEA countries' joint exhibition, CAMEXPO-84, to be held in the city of Mexico, November 1984.

Discussing their economic and technical cooperation the sides stated that since the Commission's second meeting the cooperation had progressed concretely. The Commission considered possibilities of cooperation in the power industry, alumina production, the textile and oil industries, cellulose production, civil engineering, in the construction of irrigation and water-development projects in arid zones, in the construction of industrial projects on a compensation basis with partial payment for the work incurred on their construction with products manufactured by them, in building wineries using the continuous fermentation method.

The Mexican industrial association SIDERMEX and the Soviet All-Union Association Tyazhpromexport signed an Agreement on Cooperation in Ferrous Metallurgy making it possible to continue cooperation in this industry important for both countries.

The sides exchanged information about trends in industrial development and power engineering in both countries. They noted that the achieved level of the power industry in the USSR and Mexico was an important factor for expanding cooperation in this field by exchanging information about the



world energy carrier market, technological joint development, machinery and equipment deliveries, exchange of know-how in using alternative sources of energy. The sides agreed to promote the regular exchange of information and experience in the interests of further developing both countries' power industries.

The Commission also discussed questions of expanding cooperation in fishery.

The development of inter-bank links was one of the important directions of trade and economic cooperation discussed at the meeting. Negotiations between the National Bank for Foreign Trade of Mexico (BANCOMEXT) and the USSR Vneshtorgbank resulted in signing an Agreement on Technical Procedure of Settlements under the Protocol on Shipments of Machines and Equipment from the USSR to Mexico of April 16, 1973. During the talks the Soviet delegation also made a suggestion on working out an agreement on procedure of settlements, including that on a compensation basis, and also on the ways of financing bilateral trade.

V. M. Ivanov, Deputy Minister of Foreign Trade, led the Soviet delegation at the meeting and Jorge Eduardo Navarrete, Deputy Minister of Foreign Affairs on Economic Matters,— the Mexican delegation.

The talks enabled the participants to better familiarize themselves with both countries' positions, take concrete steps for increasing mutual trade and diversifying it and widening Soviet-Mexican economic and technical cooperation.

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## TRADE WITH LDC'S

### REPORT ON MEETING OF SOVIET-COLOMBIAN COMMISSION

Moscow FOREIGN TRADE in English No 9, 1984 pp 28-29

[Article by Anatoli Alexeyev: "Meeting of the Soviet-Colombian Commission"]

[Text]

The Soviet-Colombian Intergovernmental Commission on Trade, Economic, Scientific and Technological Cooperation held its third meeting in Bogotá (Colombia).

A. N. Manzhulo, Deputy Minister of Foreign Trade, led the Soviet delegation and Gustavo Tobon Londoño, Director of the Foreign Commerce Institute, the Colombian delegation.

The Soviet delegation was received by Belisario Betancur, Colombia's President, and it also had talks with Ministers of Economic Development, Agriculture, Mines and Energy as well as with executives of other Colombian ministries and departments.

At the meeting the Commission considered the state of the two countries' trade, economic, scientific and technical as well as interbank relations since the Commission's previous meeting (May 1983) and also discussed the possibility of establishing cooperation in fishery.

Both delegations expressed their satisfaction with the fact that the two countries' relations were progressing in the spirit of friendship and cooperation and stressed their interest in furthering trade, economic, scientific and technical cooperation. At the same time the Final Act, signed on the meeting's results, notes that the bilateral cooperation level achieved at present does not yet correspond to both countries' potentials. The sides underlined that a search for new more effective forms of cooperation for expanding mutual trade and accomplishing large joint projects in different fields was necessary.

Having considered possible measures for promoting mutual trade, the delegations came to the conclusion that the transition to trade on a long-term basis would be a way of stabilizing, expanding and diversifying Soviet-Colombian trade on a new higher level. The heads of the delegations signed a Protocol on Mutual Shipments of Goods in 1984-1990, under which Soviet foreign trade organizations and Colombian organizations and firms will conclude bilateral contracts, including long-term ones. And the governments of both countries will help conclude and fulfil these contracts. Annexes to the Protocol contain indicative lists of commodities for mutual exports, which are not of a restrictive character. Specifically, Colombian state organizations and private firms will purchase Soviet machinery and equipment, including power-generating, printing and construction equipment, machinery for prospecting for and producing coal and gas, also trolleybuses, motor vehicles, aircraft, etc. while Soviet foreign trade organizations will use the earnings received from equipment and machinery export to buy Colombian products such as coffee, bananas, raw sugar, cotton and also some finished goods and semi-manufactures.

The meeting participants analyzed the fulfilment of contracts on the Soviet exports to Colombia of hydraulic power engineering equipment for the Urra-1 and Urra-2 hydropower stations and 125 trolleybuses for Colombia's capital. Successful implementation of these contracts will increase Soviet exports to Colombia in the near future and promote wider counter-purchases of Colombian goods.

Colombia's plans for power development provide for the construction of a number of hydroelectric power stations. In this connection the Soviet side announced its capability of shipping the main hydropower equipment for the Miel I and Cañafista hydroelectric stations.

Taking into account the Colombian side's interest in expanding the adaptation of urban passenger transport to electric traction the Soviet delegation spoke about the possibility of supplying Bogotá with 100 more trolleybuses and also the required number of trolleybuses for starting trolleybus services in other Colombian towns.

Discussing commercial questions the sides listed the commodities in the export of which each country was interested: for the Soviet side—diesel locomotives, diesel-generators, electric arc steel

melting furnaces, high-voltage glass insulators for power transmission lines, mobile automated electric power stations, oil tanks, licences and know-how; for the Colombian side—coffee, bananas, sugar, ferrous chlorite, finished goods and semi-manufactures.

A new element in Colombia's foreign trade policy is the Colombian side's coordination of equipment and machinery purchases with counter-shipments of its export goods. Taking this into account and also Colombia's readiness to expand the traditional trade in bananas and to start selling textile articles to the USSR the Soviet side proposed that a possibility of purchasing Soviet motor vehicles and tractors in exchange for counter-deliveries of Colombian commodities to the USSR should be considered.

The Commission also studied the question of prolonging the term for concluding contracts under the Protocol on Shipments of Machines and Equipment from the USSR to Colombia dated March 17, 1975.

Having analyzed the progress made in fulfilling this Protocol and noting on the whole its positive role in developing mutual trade, the sides agreed to extend the term of signing contracts under the Protocol for five years and add some amendments to its conditions.

To promote trade relations between the two countries and also taking into account the Colombian side's request the USSR Bank for Foreign Trade offered the Bank of the Republic of Colombia a credit for financing the import to that country of Soviet machines and equipment.

At the meeting the sides confirmed their readiness to develop economic and technical cooperation on the basis of the Intergovernmental Agreement on Trade, Economic, Scientific and Technical Cooperation of December 12, 1975.

While discussing prospects of economic and technical cooperation the Colombian side showed its interest in learning the Soviet technology of underground gasification of coal and modern methods of transporting coal from coal-fields to consumers. The Ecominas company submitted for the consideration of Soviet organizations proposals of possible cooperation in studying deposits of non-ferrous metals, phosphorites, sulphur and other minerals.

The Soviet side confirmed its readiness to coop-

erate with the Ingeominas company in prospecting for gold and non-ferrous metals, and with the Ecopetrol firm in the second and third development of oil fields.

The Soviet side expressed its readiness to consider the question of advising Colombia's National Railway Department in solving particular technical questions while reconstructing the country's railway network. The Soviet delegation asked Colombia to study Soviet organizations' proposals on their participation in constructing oil and gas pipelines, enterprises making phosphate fertilizers, glass insulators, in assembling tractors, and also participation in creating a nuclear research centre.

The delegations exchanged views on prospects of establishing and developing cooperation in fishery.

The wide exchange of opinions between Soviet and Colombian organizations which took place at the meeting was conducive to stronger business contacts, to elucidating each country's points of view on concrete matters of cooperation in different fields. The meeting which was held in a businesslike and constructive atmosphere, was another step forward promoting the two countries' trade and economic relations.

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CSO: 1812/12



## TRADE WITH LDC'S

### BRIEFS

ALUMINUM INDUSTRY'S PROJECTS ABROAD--Shortly Tsvetmetpromexport will render technical assistance to India in constructing the Gudem alumina factory (capacity 600,000 tons of alumina per year), to Guinea--in expanding a bauxite-extracting complex from 3 to 6 million tons of bauxite per year); to Turkey--in updating the existing alumina and aluminium factory in Sydisehir and raising its productivity; to Egypt--in construction rolling-mill shops at the Nag-Hammadi aluminium factory as well as in processing the country's nephelines into Alumina; to Greece--in constructing the ETVA alumina factory (capacity 600,000 tons of alumina per year); to Algeria in building an aluminium factory (capacity 136,000 tons per year) and to Mozambique in building an aluminium factory (capacity 140,000 tons per year). [Excerpt] [Moscow FOREIGN TRADE in English No 9, 1984 pp 30-31] [COPYRIGHT: "Vneshnyaya trgovlya" 1984. English translation, "Foreign Trade", 1984]

CSO: 1812/12

## GENERAL

### BASIS OF EXCHANGE RATES, ROLE OF U.S. DOLLAR EXAMINED

Minsk SEL'SKAYA GAZETA in Russian 6 Jul 84 p 3

[Article by V. Molodtsov, instructor, Department of Political Economies, Belorussian Polytechnic Institute: "Tearing Off the Mask: Exchange Rates and Plunder by the U.S. Dollar"]

[Text] "Announcements of the exchange rates of foreign currencies are published regularly in Izvestiya and in a number of other publications. Please explain what these exchange rates are and what changes they have undergone in recent years."

S. Volod'ko, Polodskiy Rayon

The exchange rate is the relationship among various foreign currencies, or the sum of monetary units of a given country expressed in terms of a foreign currency.

In the free exchange of banknotes for gold, the basis of the exchange rate is the gold parity, that is, the gold content of the respective foreign currencies. The gold content of the U.S. dollar in 1961 was equal to 0.888671 grams of pure gold, and the gold content of the Soviet ruble was 0.987412; the relationship between the gold content of the dollar and that of the ruble corresponded to 90 kopecks to 1 dollar. The exchange rate of the Soviet ruble to the dollar remained at this level until the devaluation (reduction in value) of the dollar in December 1971.

Major basic changes have taken place the present terms of the currency system of the world economy. Following two devaluations of the dollar and a number of decisions by the International Monetary Fund, since April 1978 gold is not being accepted as a world currency in the settlement of accounts, but rather paper money and credit are being utilized more and more in international transactions. The exchange rate is acquiring more and more significance. It has a direct influence on the ability of a country to obtain a certain quantity of material goods and services in exchange for its own production, but it also influences fluctuations within the economy, for it determines precisely the value of a given monetary unit. Under the terms of world trade, the exchange rate, which is based on the parity (equivalency of purchasing power, must be typical and normal for external economic relations. The desire to pay a definite price for a certain foreign currency depends on

the purchasing power of that currency in relation to the goods and services possessed by its country. Like the gold parity (in terms of its actual function), purchasing power parity also requires that currencies be exchanged on a basis of equivalency (equal value) which represents the socially necessary labor contained in goods or in gold which can be obtained for one unit of a certain currency.

Exchange rates have an effect on the broad range of economic and political relationships. The instability of exchange rates creates a favorable climate for financial speculations. Moreover, such speculation is being supported increasingly by the Reagan Administration. For example, 62 of the world's currencies are "floating" and maintaining their parity in relation to one of the leading foreign currencies. This includes 12 currencies tied to the U.S. dollar, namely: 20 countries in America, 11 countries in Asia, 10 in Africa, and the currency of Romania. Three currencies are tied to the pound sterling, and 14 African countries belong to the French franc area. The exchange rates of 18 currencies are determined in relation to a "basket" of currencies consisting of the currencies of the countries which are their most important trading partners. This is the case for six Western European countries (Austria, Norway, Sweden, Finland, Malta, and Cyprus). Thirty-two currencies are more or less freely floating. They include the U.S. dollar, the pound sterling, the Canadian dollar, the Japanese yen, and several others. The State Bank of the USSR fixes the exchange rate of the ruble based on the purchasing power of 11 leading Western European currencies in addition to the U.S. and Canadian dollars and the Japanese yen, with corrections made continually.

"Floating" exchange rates are a new phenomenon in the contemporary situation. They signify a transition to more flexible methods of regulating the financial relationships of foreign currencies among the various countries. Only the countries most highly developed in an economic sense are capable of successfully regulating exchange rates, however. In contrast, the others, particularly the underdeveloped countries, are becoming more and more dependent upon the U.S. dollar. As a result of basic changes in the financial relationships of foreign currencies, the workings of the world capitalist economy appear to have been thrown back many decades to an era when it relied almost entirely on market elements. At that time, however, it possessed a reliable standard -- gold. Such a foundation does not exist today. The dollar, after having broken away from the fetters of the gold standard, has intensified its plunder and cowboy-like raids against the currencies of all the world's nations. The free movement of capital has engendered elements of financial speculation and coercion in which the strongest monopolies and governments are involved.

The disengagement of the dollar from its gold-based foundation and its recognition as the reserve currency of the capitalist countries have permitted speculators to transfer the enormous liquid resources which are at the command of international monopolies, including the transnational corporations of the United States. According to data supplied by the U.S. Congress, the liquid resources of these corporations amounted to about 400 billion dollars at the

start of 1983, while the available reserves of all the central banks at that time were valued at 198 billion. From this it is obvious that U.S. monopolies are the main organizers behind the speculative transfer of "hot" dollars from country to country. In order to raise the exchange rate and increase the predatory strength of the dollar, in the past few years the Reagan Administration not only carried out an exorbitant increase in the discount rates of the nation's banks, to the detriment of its allies and other countries, but it has also taken advantage of the discrepancy in prices prevailing in world trade, especially with the developing countries.

According to estimates by Western European economists, as of November 1983 the exchange rate of the American dollar had been artificially inflated by approximately 20 percent because of the growth in the discount rate on bank credit in the U.S. Deposits in American banks yield 10.5 percent annually, while deposits in their own banks yield a much smaller percentage. For example, funds in the banks of the Federal Republic of Germany yield only 6 percent annually. Speculative profits attract capital, which then "flows" across the ocean to the foreign uncle. In 1982 alone, capital imports by the U.S. amounted to 12 billion dollars.

The growth in bank rates during the years 1980-83 has been promoted by the militarization of the U.S. economy which in turn has caused an uninterrupted increase in the country's budget deficit and the growth of government debt, which amounted to 1.4 trillion dollars at the end of 1983.

The policy of plunder using discount rates has led to an increase in the number of bankruptcies in Western Europe and Japan. During the first half of 1982, 5,700 companies went bankrupt in the Federal Republic of Germany, including the largest of them, AEG-Telefunken. The plunder by the dollar has had an extremely disruptive effect on world currency markets, with a devastating influence on the economies and foreign trade of the capitalist countries, especially of Japan and the EEC countries. The new U.S. currency policy has led to a sharp increase in the prices of imported petroleum for countries which purchase it using dollars as payment. Thus, at separate periods during the years 1981-83, oil has become a third more expensive for France, the Federal Republic of Germany, and other Western European consumers because of the difference in exchange rates between the dollar and these national currencies. Every year France makes overpayments of 6 billion dollars for imports.

The theft on the part of U.S. economic policy is a subject of discussion not only by the press and experts in Western Europe, but also by prominent Western government and political personalities. At a session of the European Council for members of the Common Market in Athens, French Prime Minister P. Mauroy said, "The actions of the United States undermine the economies of our countries, threaten the prosperity of our companies, and even threaten the lives of our people. We cannot agree with this."

Plunder by the dollar takes place constantly in the developing countries, especially by means of the price system. Thus, in 1982 American monopolies paid 30 billion dollars for goods which they bought from these countries, but made sales to them of over 200 billion dollars. The UN reports that U.S. transnational companies in Argentina supplied antibiotics at a price 6.5 times more expensive than the price in the United States, and serum at a price 38 times higher.

As of September 1983, the total debt of the developing countries amounted to 630 billion dollars. Argentina, Brazil, and Mexico alone owe 200 billion dollars to capitalist countries. Moreover, the developing countries have as yet been unable to escape from the clutches of the robbers. On the contrary, by the year 1995 they will owe almost 2,000 billion dollars, according to estimates made by experts from the International Bank for Reconstruction and Development.

In the muddy waters of the currency crisis the dollar will continue in the future to plunder the peoples dependent upon it.

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## IBEC 1983 BALANCE SHEET, REVIEW OF OPERATIONS

Moscow FOREIGN TRADE in English No 9, 1984 pp 32-33

[Article by Vazha Gerontyevich Djindjikhadze, chairman of the Board of the International Bank for Economic Cooperation since November 1983: "International Bank for Economic Cooperation in 1983"]

[Text] In 1983, the member-countries of the International Bank for Economic Cooperation consistently implemented the course mapped out by the communist and workers' parties' congresses towards comprehensive intensification of production, its higher efficiency and better product quality, and further consolidated their economic power, raised national incomes and improved their populations' well-being. Despite worsened external conditions and higher raw material and energy costs, the economy of the socialist community countries showed an accelerated rate of development and their cooperation deepened. The Bank members demonstrated, as in past years, that they were the world's most dynamically developing countries.

The close interaction of the IBEC member-countries, further expansion and deepening of international socialist division of labour, strengthening of integration processes in production, science and technology are conducive to the community countries' foreign trade expansion.

The 1983 total foreign trade turnover of the IBEC member-countries was 8.1 per cent above the 1982 level. This increment was, as before, higher than that of the countries' national income and industrial output.

The world socialist market accounted for the bulk of the member-countries' foreign trade. The share of the mutual trade of the member-countries in their total foreign trade turnover in 1983 was almost 59 per cent and reached 167,400 million rubles—an increase of about 11 per cent over 1982.

The activities of the IBEC in 1983 were aimed at fulfilling the tasks ensuing from the decisions of the Bank Council and facilitated national economic development thus securing further expansion of trade and economic relations among the member-countries, as well as their cooperation with other countries.

*Operations of the IBEC in transferable rubles* grew to 269,500 million transferable rubles in 1983. The volume of mutual settlements of the authorized banks carried out through the IBEC amounted to 176,800 million transferable rubles in that year, showing a growth against 1982 of 15,000 million transferable rubles, i.e. 9.3 per cent. The share of trade-related settlements grew from 92.5 per cent in 1982 to 94 per cent in 1983. Operations in transferable rubles with the Narodna Banka Jugoslavije continued.

In 1983 the amount of credits extended to the banks of the member-countries totalled 12,500 million transferable rubles. Settlement credits intended for financing short-term disparity between payments and

collections arising in the process of trade-related settlements among the Bank member-countries represented, as before, the bulk of the overall amount of granted credits; the share of such credits in the total volume of transferable ruble credits was 76 per cent. It should be noted as a positive fact that the turnover of the Bank's settlement credits accelerated on the whole. The turnover time of these credits averaged 21 days in 1983 against 24 days in 1982.

Credit investments of the Bank at the end of the year grew by 7.3 per cent to 4,100 million transferable rubles against 3,800 million in 1982.

In 1983 interest rates on settlement and time credits and borrowed funds in transferable rubles remained unchanged at the levels set in 1970. Preferential interest rates, as before, were charged on loans granted to the banks of Vietnam, Cuba and Mongolia.

*Operations of the IBEC in convertible currencies* were carried out in the conditions of increased tension on foreign exchange markets caused, among other things, by a sharp rise of the US dollar exchange rate, the still unresolved problem of developing countries' indebtedness, as well as aggravated disproportions in the Western countries' economic development. Volatility of the markets was supported by the US-inspired political tension in various parts of the world. In these conditions, Western banks resorted to arrangements aimed at the reduction of risk in their transactions on foreign exchange markets, specifically, reducing their involvement in purely financial operations.

In the year under review the IBEC continued carrying out its operations in convertible currencies in accordance with the decisions of the Bank Council aimed at ensuring the liquidity and profitability of operations as well as the safety of own and borrowed funds in convertible currencies.

The improvement of the term structure of own and borrowed funds in convertible currencies was reflected in lower turnover on operations in these currencies.

The balance of borrowed funds at the end of the year was equivalent to 1,500 million transferable rubles.

*The profit of the Bank* in 1983 amounted to 33,100 million transferable rubles, i.e. a 7.9 per cent increase over 1982.

In accordance with the decision of the IBEC Council on the results of the Bank's activities in 1983, 19,300 million transferable rubles from the Bank's profit were distributed among the member-countries, 11,600 million transferable rubles were transferred to the reserve capital and the remaining amount was allotted for financing the construction of the new IBEC office building.

In conformity with the decision of the 57th meeting of the Bank Council held in Moscow in April 1983, the member-countries augmented the paid-up part of the authorized capital of the Bank in transferable rubles and convertible currencies.

In 1983, the IBEC carried out its activities in close cooperation with the authorized banks of the member-countries and other banks of socialist countries.

The principle of reciprocity formed the basis for the development of cooperation with Western banks. With a view to expand business ties, meetings were held between representatives of the Bank and partner banks.

In the year under review, cooperation with the International Investment Bank and the CMEA Secretariat in perfecting the settlement and credit mechanism of the IBEC in transferable rubles continued for stepping up its effectiveness in developing foreign trade among the Bank member-countries and in fulfilling their mutual commercial obligations.

As before, the IBEC maintained contacts with the bodies of the UN Conference on Trade and Development (UNCTAD). In 1983 IBEC representatives took part in the 12th Special Session of UNCTAD Council and in the 6th UNCTAD Session. The Bank continued to participate in the proceedings of the UNCTAD-sponsored seminars held in Moscow for representa-

tives of developing countries with the aim of introducing them to the organization and practical results of socialist economic integration of the CMEA member-countries, including that in the currency and financial sphere.

In the year under review, two meetings of the Bank Council were held.

At the 57th meeting held in Moscow on April 12, 1983, the Bank Council considered and adopted the 1982 Annual Report and Balance Sheet for the year ending December 31, 1982, and the statement presented by the Board on the 1982 profit distribution and increase of the paid-up part of the authorized capital by the member-countries. The Council approved the IBEC credit plan for 1983.

Besides the delegations of the member-countries, the Council meeting was attended by representatives of the Narodna Banka Jugoslavije in accordance with the provisions of the operating Agreement on cooperation. Representatives of Da Afghanistan Bank, Bank of Yemen (Aden), Banque Nationale du Laos, Banco de Moçambique, Bank of Finland and the National Bank of Ethiopia attended the Council meeting as observers.

The 58th meeting of the IBEC Council was held in Moscow on October 18, 1983.

In connection with the 20th anniversary of the IBEC, the Council considered the report of the Board on the activities of the Bank over the past period. In its decision, the Council noted that the IBEC coped successfully with the tasks entrusted to it and scored positive results in its activities in the past years.

The Council considered and adopted decisions on a number of other matters connected with the current activities of the Bank.

Both meetings of the IBEC Council were attended by representatives of the Secretariat of the Council for Mutual Economic Assistance and the International Investment Bank.

## BALANCE SHEET International Bank for Economic Cooperation

(in transferable rubles)

ASSETS	At the close of business on 31 December	
	1982	1983
1. Monetary funds:		
a) Current accounts and cash on hand	16,836,060	26,778,410
b) Time deposits	1,364,096,451	1,241,925,895
	1,380,932,511	1,268,704,305
2. Credits granted	4,288,799,678	4,505,827,676
3. Property of the Bank	719,274	737,189
4. Other assets	55,591,741	37,982,680
Total:	5,726,043,204	5,813,251,850

LIABILITIES	At the close of business on 31 December	
	1982	1983
1. Capital funds of the Bank:		
a) Authorized capital	305,262,000	
Capital paid up	121,816,160	190,316,160
b) Reserve capital	164,005,808	179,359,915
	285,821,968	369,676,075
2. Deposits:		
a) Current accounts	666,757,713	690,995,833
b) Time deposits	4,181,811,881	4,227,249,864
	4,848,569,594	4,918,245,697
3. Credits received	406,087,476	380,221,201
4. Other liabilities	154,855,932	111,973,196
5. Net profit	30,708,234	33,135,681
Total:	5,726,043,204	5,813,251,850

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English translation, "Foreign Trade", 1984

GENERAL

FOREIGN TRADE STATISTICS, JANUARY-JUNE 1984

Moscow FOREIGN TRADE in English No 9, 1984, Supplement

[Text]

Soviet Foreign Trade by Groups of Countries

(mln rubles)

		January — June				January — June	
		1983	1984			1983	1984
TOTAL	Turnover	64554,8	69081,6	Industrial capitalist countries	Turnover	19565,5	19972,1
	Export	32826,9	35911,8		Export	9055,4	10293,2
	Import	31727,9	33169,8		Import	10510,1	9678,9
Socialist countries	Turnover	36194,8	40728,2				
	Export	18738,9	20949,5				
	Import	17455,9	19778,7				
including:							
CMEA member countries	Turnover	33352,0	37308,7	Developing countries	Turnover	8794,5	8381,3
	Export	17244,4	19238,0		Export	5032,6	4669,1
	Import	16107,6	18070,7		Import	3761,9	3712,2

Soviet Foreign Trade by Countries\*

(mln rubles)

Countries		January — June		Countries		January — June	
		1983	1984			1983	1984
EUROPE:				Bulgaria			
Austria	Turnover	650,4	862,1		Turnover	5452,9	5996,9
	Export	270,8	381,2		Export	2880,3	3174,1
	Import	379,6	480,9		Import	2572,6	2822,8
Belgium	Turnover	805,8	848,2	Great Britain	Turnover	871,1	1086,4
	Export	500,7	577,0		Export	502,0	691,0
	Import	305,1	271,2		Import	369,1	395,4

\* The countries are given in the Russian alphabetical order

Hungary	Turnover	3847,7	4308,1	Poland	Turnover	4976,8	5510,2
	Export	1961,4	2266,3		Export	2595,2	2916,4
	Import	1886,3	2041,8		Import	2381,6	2593,8
German Democratic Republic	Turnover	6549,3	7354,2	Portugal	Turnover	48,4	43,9
	Export	3321,4	3582,7		Export	19,2	26,4
	Import	3227,9	3771,5		Import	29,2	17,5
Greece	Turnover	265,9	287,8	Romania	Turnover	1741,0	1894,9
	Export	172,5	224,0		Export	849,1	952,4
	Import	93,4	63,8		Import	891,9	942,5
Denmark	Turnover	199,4	204,3	Federal Republic of Germany	Turnover	3360,1	3828,8
	Export	157,4	153,4		Export	1525,6	2148,1
	Import	42,0	50,9		Import	1834,5	1680,7
West Berlin	Turnover	146,5	211,1	Finland	Turnover	2514,1	2463,1
	Export	87,9	166,2		Export	1017,9	1156,7
	Import	58,6	44,9		Import	1496,2	1306,4
Ireland	Turnover	67,4	36,8	France	Turnover	2112,4	2144,6
	Export	12,2	14,9		Export	1139,6	1237,7
	Import	55,2	21,9		Import	972,8	906,9
Iceland	Turnover	61,9	61,3	Czechoslovakia	Turnover	5620,9	6342,1
	Export	24,1	24,5		Export	2855,2	3346,2
	Import	37,8	36,8		Import	2765,7	2995,9
Spain	Turnover	295,0	314,4	Switzerland	Turnover	467,4	383,4
	Export	147,5	162,8		Export	256,9	187,3
	Import	147,5	151,6		Import	210,5	196,1
Italy	Turnover	2238,9	2182,2	Sweden	Turnover	437,8	424,5
	Export	1446,2	1503,3		Export	292,7	292,8
	Import	792,7	678,9		Import	145,1	131,7
Liechtenstein	Turnover	12,5	16,7	Yugoslavia	Turnover	2403,9	2655,2
	Export	1,1	0,8		Export	1240,0	1342,7
	Import	11,4	15,9		Import	1163,9	1312,5
Luxembourg	Turnover	8,5	7,2				
	Export	2,7	2,4				
	Import	5,8	4,8				
Malta	Turnover	13,4	5,4	ASIA:			
	Export	10,3	1,0	Afghanistan	Turnover	286,1	511,0
	Import	3,1	4,4		Export	160,4	347,0
Netherlands	Turnover	1209,7	858,8		Import	125,7	164,0
	Export	895,3	726,6	Bangladesh	Turnover	35,0	19,2
	Import	314,4	132,2		Export	14,3	16,6
Norway	Turnover	83,0	95,3		Import	20,7	2,6
	Export	30,3	49,5	Burma	Turnover	1,7	1,3
	Import	52,7	45,8		Export	0,8	1,0
					Import	0,9	0,3



Vietnam	Turnover	595,7	650,9	Malaysia	Turnover	136,6	133,1
	Export	491,1	528,6		Export	9,0	7,5
	Import	104,6	122,3		Import	127,6	125,6
India	Turnover	1207,0	1140,2	Mongolian	Turnover	652,6	678,7
	Export	642,7	636,3	People's	Export	522,0	546,3
	Import	564,3	503,9	Republic	Import	130,6	132,4
Indonesia	Turnover	27,4	21,1	Nepal	Turnover	5,6	9,6
	Export	13,8	2,1		Export	5,0	8,3
	Import	13,6	19,0		Import	0,6	1,3
Jordan	Turnover	9,8	10,5	Pakistan	Turnover	62,5	68,0
	Export	9,5	10,4		Export	30,5	45,8
	Import	0,3	0,1		Import	32,0	22,2
Iraq	Turnover	174,3	465,8	Saudi Arabia	Turnover	37,3	155,9
	Export	80,1	105,2		Export	6,7	12,6
	Import	94,2	360,6		Import	30,6	143,3
Iran	Turnover	463,9	134,4	Singapore	Turnover	49,2	145,9
	Export	212,1	119,6		Export	9,7	7,8
	Import	251,8	14,8		Import	39,5	138,1
Yemen Arab	Turnover	33,9	5,3	Syria	Turnover	275,4	256,0
Republic	Export	33,8	5,3		Export	104,8	128,7
	Import	0,1	0		Import	170,6	127,3
People's Demo-	Turnover	64,5	56,8	Thailand	Turnover	24,4	19,5
cratic Republic	Export	62,0	54,4		Export	4,3	5,6
of Yemen	Import	2,5	2,4		Import	20,1	13,9
Kampuchea	Turnover	33,9	37,6	Turkey	Turnover	94,7	100,4
	Export	32,4	35,1		Export	52,5	61,2
	Import	1,5	2,5		Import	42,2	39,2
Cyprus	Turnover	12,6	22,5	Philippines	Turnover	31,1	23,8
	Export	6,1	14,5		Export	1,1	4,0
	Import	6,5	8,0		Import	30,0	19,8
China	Turnover	111,9	394,4	Sri Lanka	Turnover	16,9	35,4
	Export	72,8	172,0		Export	1,4	1,0
	Import	39,1	222,4		Import	15,5	34,4
Korean	Turnover	290,5	337,2	Japan	Turnover	1625,5	1444,4
People's Demo-	Export	145,7	164,6		Export	388,3	408,7
cratic Republic	Import	144,8	172,6		Import	1237,2	1035,7
Kuwait	Turnover	2,8	2,3	AFRICA:			
	Export	2,5	2,0	Algeria	Turnover	82,5	75,4
	Import	0,3	0,3		Export	76,9	66,3
Laos	Turnover	36,5	32,7		Import	5,6	9,1
	Export	36,0	32,2	Angola	Turnover	73,0	40,0
	Import	0,5	0,5		Export	71,5	38,6
Lebanon	Turnover	12,2	21,4		Import	1,5	1,4
	Export	10,8	19,0	Ivory Coast	Turnover	36,0	94,1
	Import	1,4	2,4		Export	0,5	0,9
					Import	35,5	93,2

Ghana	Turnover	18,7	16,4
	Export	0,4	0,5
	Import	18,3	15,9
Guinea	Turnover	25,2	43,4
	Export	8,2	16,4
	Import	17,0	27,0
Egypt	Turnover	253,7	249,4
	Export	104,0	112,4
	Import	149,7	137,0
Cameroun	Turnover	12,3	9,4
	Export	1,4	2,1
	Import	10,9	7,3
People's Republic of the Congo	Turnover	4,0	2,6
	Export	2,9	2,1
	Import	1,1	0,5
Liberia	Turnover	1,5	1,9
	Export	1,4	1,8
	Import	0,1	0,1
Libya	Turnover	681,0	508,5
	Export	130,6	40,6
	Import	550,4	467,9
Morocco	Turnover	107,0	75,9
	Export	81,4	39,5
	Import	25,6	36,4
Mozambique	Turnover	44,8	95,2
	Export	44,7	94,2
	Import	0,1	1,0
Nigeria	Turnover	214,5	143,4
	Export	166,6	107,7
	Import	47,9	35,7
Sudan	Turnover	16,1	3,5
	Export	0,4	-
	Import	15,7	3,5
Sierra Leone	Turnover	0,3	0,6
	Export	0,3	0
	Import	0	0,6
Tanzania	Turnover	2,6	4,4
	Export	1,4	2,4
	Import	1,2	2,0
Tunisia	Turnover	4,8	18,5
	Export	3,8	16,4
	Import	1,0	2,1
Ethiopia	Turnover	92,9	95,2
	Export	83,9	81,0
	Import	9,0	14,2

# AMERICAS:

Argentina	Turnover	812,8	741,4
	Export	14,7	14,2
	Import	798,1	727,2
Bolivia	Turnover	8,0	2,7
	Export	0,4	0,7
	Import	7,6	2,0
Brazil	Turnover	286,8	296,6
	Export	5,8	68,3
	Import	281,0	228,3
Canada	Turnover	669,7	396,8
	Export	18,6	8,5
	Import	651,1	388,3
Colombia	Turnover	7,9	21,5
	Export	0,8	2,0
	Import	7,1	19,5
Cuba	Turnover	3915,1	4572,7
	Export	1768,7	1925,0
	Import	2146,4	2647,7
Mexico	Turnover	5,1	11,8
	Export	1,1	0,7
	Import	4,0	11,1
Nicaragua	Turnover	29,8	49,7
	Export	23,5	49,3
	Import	6,3	0,4
Panama	Turnover	4,2	5,2
	Export	4,2	5,1
	Import	-	0,1
Peru	Turnover	10,9	16,7
	Export	3,2	8,1
	Import	7,7	8,6
United States of America	Turnover	1010,1	1410,6
	Export	132,0	138,8
	Import	878,1	1271,8
Uruguay	Turnover	36,5	35,3
	Export	0,6	0,5
	Import	35,9	34,8

# AUSTRALIA AND OCEANIA:

Australia	Turnover	281,3	317,7
	Export	3,0	6,1
	Import	278,3	311,6
New Zealand	Turnover	108,1	34,3
	Export	0,6	3,0
	Import	107,5	31,3

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